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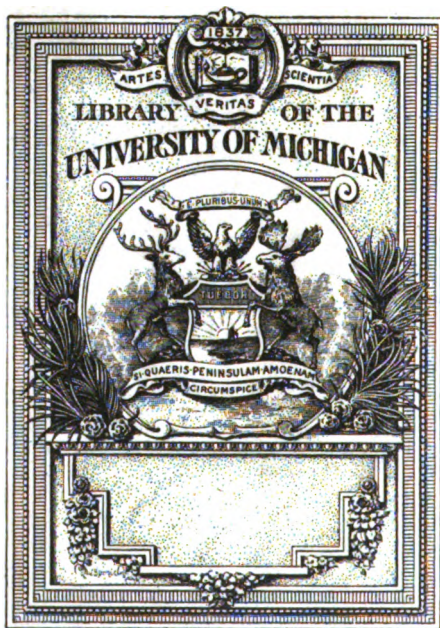
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| SUBSCRIBED CAPITAL | ... | ... | ... | ... | £2,000,000 |
| PAID-UP CAPITAL | ... | ... | ... | ... | 1,000,000 |
| TOTAL FUNDS IN HAND | ... | ... | ... | ... | 3,861,000 |
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ABSTRACT OF THIRTY-SECOND ANNUAL BALANCE SHEET, MARCH, 1883

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|---|-------------|
| Amount at Credit of Current and Deposit Accounts | £21,730,200 |
| Investments in the English Funds and other Convertible Securities, and Cash in hand | £21,554,560 |
| Permanent Guarantee Fund, invested in Consols | £200,000 |
| Amount of Assets in excess of Liabilities | £153,667 |
| Number of Current and Deposit Accounts | 35,979 |

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OCTOBER, 1884.

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| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

NOVEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

DECEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | 31 |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JANUARY, 1885.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

FEBRUARY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|--|
| Sunday | ... | 1 | 8 | 15 | 22 | |
| Monday | ... | 2 | 9 | 16 | 23 | |
| Tuesday | ... | 3 | 10 | 17 | 24 | |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

MARCH.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | 31 |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

APRIL.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

MAY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Friday | ... | 1 | 8 | 15 | 22 | 29 |
| Saturday | ... | 2 | 9 | 16 | 23 | 30 |
| Sunday | ... | 3 | 10 | 17 | 24 | 31 |
| Monday | ... | 4 | 11 | 18 | 25 | |
| Tuesday | ... | 5 | 12 | 19 | 26 | |
| Wednesday | ... | 6 | 13 | 20 | 27 | |
| Thursday | ... | 7 | 14 | 21 | 28 | |

JUNE.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JULY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

AUGUST.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | 31 |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

SEPTEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

The Dates of Meetings are distinguished by *large black figures*.

The Institute of Bankers,

2, ST. MICHAEL'S HOUSE,

CORNHILL, E.C.,

LONDON, *January, 1885.*

NOTICES TO MEMBERS.

MEETINGS

WILL BE HELD IN THE

THEATRE OF THE LONDON INSTITUTION,

FINSBURY CIRCUS, E.C.,

ON

| | |
|-----------------------------|------------------------------|
| Wednesday, Jan. 21st, 1885. | Wednesday, April 15th, 1885. |
| „ Feb. 18th, „ | „ May 20th, „ |
| „ March 18th, „ | |

The Annual General Meeting will be held on May 20th, previous to the Ordinary Meeting.

The time at which the chair will be taken will be announced previously to each meeting.

The Council have reason to believe that in the course of the Session the following Papers amongst others will be communicated to the Institute :—

“ Lotteries : the part they have played in State and Private Finance,”
By CORNELIUS WALFORD, Esq., F.S.S.

“ Practical Banking,”
By T. B. MOXON, Esq., Fellow of the Institute.

“ Assays,”
By Professor CHANDLER ROBERTS, Chemist to the Mint.

THE Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institute, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the *Journal*, or by advertisement in the principal papers about one week before each meeting. Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the Ordinary Meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interest to the Profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the Profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the *Journal* as the Council may determine.

If not out of print, *members* may obtain a *single* copy of each of the back numbers of the *Journal* at the reduced price of 1s. each. A few volumes bound in morocco, can be obtained at 15s. each volume.

The *Journal* is for the present published in eight consecutive months, namely, from December to the June following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, Members are especially requested to inform the Secretary, without delay, of any change in their Addresses.

THE LIBRARY.

The Council request the attention of Members to the following list of works, which, among others, are required in the Library :—

Economist. Volumes prior to 1856.

Bankers' Magazine, Vol. I., Vols. XIII.-XXXIII.

Journal of the Statistical Society. Vols. prior to 1874.

Early copies of the London Directory.
 Banking Almanac prior to 1879.
 The Annual Register.
 Hansard's Parliamentary Debates.
 Tooke's History of Prices.
 Lord Overstone's Select Tracts on Currency, &c.
 British Association Reports.
 Ruding's Annals of the Coinage.
 Vaughan's Discourse on Coins and Coinage.
 Patrick's Records of the Coinage of Scotland.
 Kenyon's Gold Coins of England.
 Anderson on Commerce.

ELECTIONS.

THE following is the list of those elected at the December meeting of the Council :—

FELLOWS.

| | | |
|-----------------------------|--------|--|
| ANDREW AIKMAN | ... .. | Commercial Bank of Scotland, Edinburgh |
| JOHN BENJAMIN CHARLES HEATH | ... | Messrs. Roger Cunliffe, Sons, and Co., Princes Street, E.C. |
| RICHARD MEREDITH JONES | ... .. | North and South Wales Bank, Castle Street, Liverpool. |
| PERCY SHUTE LAURIE | ... .. | Messrs. Holt, Laurie, and Co., Whitehall Place, S.W. |
| EBENEZER REES | ... .. | North and South Wales Bank, Castle Street, Liverpool. |

ASSOCIATES.

| | | |
|-----------------------|--------|---|
| WILLIAM GALLEY CASSON | ... .. | North and South Wales Bank, Castle Street, Liverpool. |
| THOMAS CASSON | ... .. | North and South Wales Bank, Denbigh. |
| THOMAS WILLIAM DAVIES | ... .. | North and South Wales Bank, Welshpool. |
| ROBERT DRURY | ... .. | North and South Wales Bank, London Road, Liverpool. |
| GWILYM EDMUNDS | ... .. | North and South Wales Bank, Llanfair Caerinon, Montgomery. |
| ROBERT JONES EDWARDS | ... .. | North and South Wales Bank, Holyhead. |
| GRIFFITH GRIFFITHS | ... .. | North and South Wales Bank, Newtown, Montgomeryshire. |
| JAMES HUGHES | ... .. | North and South Wales Bank, Great Howard Street, Liverpool. |
| WALTER WILLIAM HUGHES | ... .. | North and South Wales Bank, Peny- groes R.S.O., North Wales. |
| SAMUEL IKIN | ... .. | North and South Wales Bank, Llanidloes. |
| WILLIAM JENKINS | ... .. | National Bank of Wales, Neath, Gla- morganshire. |

| | |
|---------------------------------|--|
| JOHN HENRY JONES | North and South Wales Bank, Seacombe, Cheshire. |
| JOHN THOMAS JONES | North and South Wales Bank, Bala. |
| THOMAS HENRY JONES | North and South Wales Bank, Wrexham. |
| ISHMAEL SALISBURY JONES | North and South Wales Bank, George Place, Liverpool. |
| JOHN PROBERT MEDICOTT | North and South Wales Bank, Castle Street, Liverpool. |
| JAMES MACKENZIE | North and South Wales Bank, Great Charlotte Street, Liverpool. |
| WILLIAM MERCHANT... .. | National Bank of Wales, Pontypridd. |
| DANIEL MORRIS | North and South Wales Bank, Edgehill, Liverpool. |
| FRANCIS MUSGRAVE | North and South Wales Bank, Mold, Flintshire. |
| ALEXANDER STENSON PALMER | Bank of Australasia, Sale, Victoria. |
| ALEXANDER REID PORTER | North and South Wales Bank, Castle Street, Liverpool. |
| HUMPHREY PARRY | North and South Wales Bank, Festiniog, Monmouthshire. |
| JOHN ROBERT REES | North and South Wales Bank, Aberystwith. |
| SAMUEL LEONARD REVIS... .. | North and South Wales Bank, Holywell, North Wales. |
| WILLIAM RIGBY... .. | North and South Wales Bank, Rhayader, Radnorshire. |
| EDWARD SAMUEL ROBERTS | North and South Wales Bank, Everton Road, Liverpool. |
| HUGH ROBERTS | North and South Wales Bank, Llanrwyst. |
| ROBERT ROWLAND | North and South Wales Bank, Pwllheli, Carnarvonshire. |
| HENRY JOSEPH SALTER | Messrs. Cox and Co., Craig's Court, Charing Cross. |
| WALTER SELWAY | Australian Joint Stock Bank, Newcastle. |
| WILLIAM EDWARD SMALLEY... .. | North and South Wales Bank, Rhyl. |
| HENRY BARKER TAYLOR... .. | North and South Wales Bank, North Branch, Liverpool. |
| FRANCIS TEMPLE | North and South Wales Bank, Bishops' Castle, Shropshire. |
| HORACE EDWARD WALTON | Messrs. Aynard and Ruffer, Lombard Street, E.C. |
| JAMES WILLIAMS | North and South Wales Bank, Park Road, Liverpool. |
| JAMES VINCENT WILLIAMS | North and South Wales Bank, Oswestry. |
| PHILIP WILLIAMS | North and South Wales Bank, Kirkdale Road, Liverpool. |
| JOHN HOLAWAY WOOD | North and South Wales Bank, Hardman Street, Liverpool. |
| WALTER WYNNE... .. | North and South Wales Bank, Abergele. |

ORDINARY MEMBERS.

| | |
|-----------------------------------|--|
| THOMAS DOTT | Union Bank of London, Princes St., E.C. |
| HENRY SIDNEY SALTER | Messrs. Cox and Co., Craig's Court, Charing Cross. |
| CHARLES BRIGHTMER TROLLOPE | Messrs. Gurney and Co., Ipswich. |
| HENRY AMBLER WILDING | London and South Western Bank, Camberwell. |

The Institute of Bankers.

JANUARY, 1885.

R. B. MARTIN, Esq., M.P., President, in the Chair.

ON THE PRICES OF SOME COMMODITIES DURING THE DECADE 1874-83.

By LUKE HANSARD, Esq., F.S.S., a Member of the Council.

[Read before the Bankers' Institute, Wednesday, Dec. 17th, 1884.]



THE study of prices must at all times be an interesting one to the economist and thoughtful observer, whilst it is, or ought to be, of still greater importance to those whose daily business brings them into close contact with mercantile transactions. The variation of prices is closely watched by those engaged in business, with the view of making profits, or avoiding losses; but often no attempt is made to ascertain or explain the causes of the fluctuations. Too frequently the words price and value are confounded with each other. Price is merely the worth of a commodity measured in money. Value is a relative expression, and implies the comparison of one commodity with another; or, to use the definition of the late Professor Jevons, it may be taken to mean the "Ratio of Exchange." And here it is important to notice, as the result of this economic distinction between the two terms, that though there may be a general rise or fall in the money price of commodities, there cannot be a *general* rise or fall in values. If all commodities rise or fall in price in like ratio, one will exchange for another in the same quantity as before, and their value will be unaltered. But, the increase or fall in the value of a commodity may be arrived at, by comparing its money price with that of some other commodity, or in other words, the quantity of other commodities for which a given article will exchange.

In the long run the price of an article will generally be found to depend on the cost of production—i.e., rent, wages, and interest of capital—with a moderate profit added. Fluctuations in the demand, or supply, cause a variation in the price from time to time, and such variation may be altogether in excess, or short, of the cost of production. Sometimes supply overtakes demand, or demand is greater than supply. It is the equalization of the supply to the demand, or the demand to the supply, that regulates the price at certain times, price being arrived at by what Adam Smith termed the “higgling of the market.” There are certain classes of articles such as articles of virtue, pictures, &c., which are limited in supply, and there the price is regulated almost entirely by an equalisation of the demand to the supply. In commodities of a more general character, an increased demand, though raising prices at first, has often the effect, as a final result, of reducing them; because an increase of price, if beyond the cost of production, encourages production and thereby increases competition of producers. This has been noticed both by Adam Smith and the late Professor Fawcett. On this point I may also quote Mr. Tooke who, in his “History of Prices,” speaking of commodities generally, noticed the fact that, a deficiency of quantity produces a great relative advance in price, and the converse of the proposition, viz.: “that an excess of quantity operates in depressing the prices of commodities generally, in a ratio much beyond the degree of that excess.”

But prices cannot be always measured by the actual supply of commodities and the real wants of a community, owing to the presence or absence of speculation. Speculation is an important factor influencing the demand, more especially in the prices of raw materials. There are other causes affecting prices. A depreciated currency will raise the price, inasmuch as more of that currency must be given for a certain article than before. For instance, in 1815 a one pound note was worth only 14s. 5d., that is to say, a person who offered gold equivalent to a sovereign, got a bank note and 5s. 7d. in silver for it; prices being expressed in this currency, they rose proportionately. A scarcity or excess of gold will also cause a fall or rise in prices, and this I shall refer to later on.

The course of prices in later years and the causes influencing those prices has been treated of by Mr. Giffen, in 1879, when he read a paper before the Statistical Society, on “The fall of Prices of Commodities in recent years,” and therein Mr. Giffen mainly attributed the fall to the absorption of gold in the new gold-using countries. In 1880, Mr. Patterson read a paper before the same society under the title “Is the value of money rising in England and throughout the World?” in which he treated largely of prices, and concluded that the then state of prices could not be accepted as a proof of the permanent value of money. More recently and in the early part of last year, Mr. Goschen read a paper before this Institute on the “Probable

Results of an Increase in the Purchasing Power of Gold," when his conclusions were, if I mistake not, that there had been a fall in prices, owing to a scarcity of gold.

The purpose of the present paper is more particularly to examine the course of prices during the last decade, and to endeavour to arrive at some conclusions respecting the variations that may appear. I have therefore taken the prices of twenty-five of the principal wholesale commodities on the 31st December, 1874, to the 31st December, 1883, both inclusive, and these are given in a tabulated form annexed. By the term "wholesale price," I mean the prices of commodities as nearly as can be in first hands. With a view of testing, as far as possible, to what extent supply and demand have influenced those prices, I have added the wholesale stocks, or the stocks in first hands, of the commodities I have selected in the statement of prices, and I may add that this list of commodities embraces to a large extent, though not entirely, the articles included in Mr. Giffen's enquiry and those referred to by Mr. Goschen. As the demand of many commodities is naturally influenced by any increase or decrease in the population, I have given the population as it would stand at the end of each year reckoning it as having increased from the year 1874 on the per centage of increase shown in the last census of 1881.

It will be advantageous to preface our examination of the figures by a brief review of some of the chief incidents that have occurred during the period under investigation, and which have a relation to or bearing upon commerce. And it is, perhaps, all the more necessary to summarise these incidents, as you must bear in mind that the prices given are not average ones for each year, but only those at its termination. At present it would have been too great a labour for me to have taken the average stocks for the year, if not almost impossible, and I have therefore given both stocks and prices at a uniform date. In reviewing the period I propose to commence at 1872, two years before the period when the statistics given in the tables annexed commence. By following this course, we shall be in a better position for criticising any statistics of prices or stocks, as it may enable us to estimate with greater nicety the causes of the variation.

In 1872 there was a general and rapid rise in the prices of commodities and wages. During the year, the chief incidents affecting the commercial prosperity of the home trade were a defective harvest caused chiefly by excessive rainfall, and cattle plague. In the autumn there was considerable pressure in the money market, owing to the French efforts in raising the loan required for the German indemnity. This indemnity was fixed at the stupendous sum of £200,000,000 sterling. As so large a movement of capital could scarcely take place without having a considerable influence on prices in the immediate future, a few details respecting its payment are necessary,

so that we may realise the full consequence of so important an element affecting European trade. In June, 1871, a first instalment of £80,000,000 was paid. In July of 1872, a second loan of £140,000,000 was raised to meet the £120,000,000 still due, and other expenses. Payments had been made in the following manner up to October, 1872 :—

| | | | | | | |
|---|-----|-----|-----|-----|-------------|---------------------------|
| Gold and Silver, French | ... | ... | ... | ... | ... | £6,400,000 |
| Bank Notes, " | ... | ... | ... | ... | ... | 5,000,000 |
| Bank Notes, German | ... | ... | ... | ... | ... | 3,200,000 |
| Bills of Exchange, Belgium and Holland | ... | ... | ... | ... | £16,000,000 | |
| " " Germany | ... | ... | ... | ... | 40,000,000 | |
| " " England... | ... | ... | ... | ... | 24,000,000 | |
| | | | | | | <hr/> 80,000,000 |
| Indemnities paid by various towns during the war, in gold | | | | | | |
| or French Notes | ... | ... | ... | ... | ... | 12,000,000 |
| | | | | | | <hr/> 106,600,000 |
| Allowed for Alsace Railways | ... | | | | | 13,000,000 |
| | | | | | | <hr/> <u>£119,600,000</u> |

From this we see that, in little over a twelvemonth, no less a sum than £106,000,000 was transported to Germany, a country, comparatively speaking, not hitherto overburdened with capital. One of the consequences of the sudden transition of so large an amount of money and currency to Germany was that, commencing in 1871, a wild speculation in all manner of Company enterprises took possession of the German people, which was aided by the law relating to joint stock undertakings having in 1870 been placed more on a par with our own. This speculation fostered a spirit of enterprise in Germany causing a heavy demand for coal and iron, entailing a great rise in their prices.

In 1873 there was a period of reaction from the high prices and excited demand for commodities in 1871, and more particularly of 1872. There were extensive financial collapses of a severe character in Germany and Austria, in the United States and South America. During the last quarter there was a marked fall in the prices of coal and iron and extensive reductions in the price of commodities entering into manufactures. In the latter half of the year there was a decided fall in wages in the United States and the Continent. By September the full payment of the French indemnity had been paid, which, with the addition of interest, expenses, and Paris ransom of ten millions, made the total *cash* payment by France £209,000,000. I regret I am unable to give the component parts of the payment during 1873. The harvest was defective in this country, being 20 to 30 per cent. under average.

In 1874, the reaction which commenced in 1873, not only in Europe, but also in America, was continued. The prices of commodities and the wages of labour declined month by month, until the

prices of most articles employed in manufactures in this country were some 20 to 25 per cent. less as compared with the close of 1873. Wages in the mining, iron, and steel industries fell rapidly, and in some cases were reduced to about the figures prevailing in 1871, before the rise in prices and wages commenced. Severe struggles between masters and men took place, and lock-outs were numerous. There was a general admission that in the United States, railway enterprise had been pushed forward to an unwarrantable extent, and there was in that country a scarcity of employment and considerable reduction in prices and wages, all resulting mainly from the many failures that took place there in 1873. This extended to Europe. The excitement of 1871 and 1872 had thoroughly disorganised the labour market and commerce generally, had diminished the hours of labour, and increased wages. Now the reduced demand for labour brought down wages. At the same time, the harvest in this country was an abundant one, being 25 per cent. above the average. The prices of some of the principal articles fell some 25 per cent.

In 1875 the fall in prices continued. Several heavy failures took place, amongst them being those of J. C. Im Thurn & Co., Collie & Co., the Aberdare and Plymouth Iron Companies. Several of the Foreign Governments who had recently succeeded in raising loans in this country made default, and a foreign loans committee was appointed by the Government to consider this subject. The harvest was bad, and worse than the bad seasons of 1872 and 1873.

In 1876 the fluctuations in silver were excessive. In the opening of the year the price was $56\frac{1}{2}d.$, by July it had fallen to $46\frac{1}{2}d.$, in August it had advanced to $53\frac{3}{4}d.$, and in the early part of December, it attained $58\frac{1}{2}d.$, being the highest price quoted for two years, and on 31st December, it had fallen to $56\frac{1}{2}d.$ Commercially there were no events of great importance, the most notable, perhaps, being that speculation set in strongly in sugar, pushing up prices some 50 per cent. On the whole prices were generally lower than in 1875. As regards the harvest, the crop was deficient in quantity, but good in quality, and generally better than in the previous year, yet still under the average.

In 1877, two important political incidents affected European trade, the one being the uncertainty respecting France, caused by the contest for power between Marshal MacMahon and the so-called constitutional party; and the other the war between Russia and Turkey. The iron trade was much disturbed, not only by the badness of trade, but also by the development of the production of steel combined with its largely increased use for rails. During this year the agricultural interest suffered from cattle plague, and the harvest was not good, being some 25 per cent. below average.

In 1878 commercial prosperity was no better than in 1877. Severe failures took place, entailing heavy losses and general distress. Some large banks failed bringing down a number of large trading concerns

supported by them. Amongst the banks were the City of Glasgow, West of England, Willis, Percival & Co., Fenton & Co., and Tweedy, Williams & Co. During the year the Treaty of Berlin was concluded, but it was quickly followed by the rupture between the Indian Government and the Ameer of Afghanistan. The harvest was indifferent, the season being wet; the result, however, was better than the previous year. This did not seem to bring much relief to the agricultural community, as farmers were clamouring for lower rents, or vacating their farms. There was a further and almost general fall of prices.

In 1879, the United States returned to full specie payments on the 1st January. This at first did not produce much effect in trade here; but in September large orders came from America for iron, steel, and ultimately for all kinds of goods, causing a considerable increase in the prices of metals, and for commodities generally. This revival took place in the face of a harvest one of the worst on record. To use the words of *The Mark Lane Express*, "That though they could not endorse the remark that such a harvest so bad was never known since the birth of man, yet we can safely say it is the worst that has been gathered since *The Mark Lane Express* commenced to publish annual returns." Notwithstanding this harvest, there was a rise in prices that was almost general as compared with those of the previous year; but it was chiefly in the latter part of the year that the rise took place.

In 1880 the great increase in prices that took place in the latter part of 1879 was not maintained, excepting for the first three or four months. During the rise speculation was active; but as soon as there was a relapse in the speculative fever, prices fell away rapidly. By the end of the year, nearly the whole of the rise in the previous year had been lost, and all the chief colonial articles, such as sugar, tea, coffee, rice, and cocoa, were lower than on the previous 31st December. The harvest was favourable, as compared with the preceding years, being about the average.

In 1881 commercial affairs ran smoothly, no incidents occurring that had any marked influence on the course of prices. Excepting in the Transvaal, there were no political events disturbing to trade. Speculation on the Stock Exchange assumed considerable proportions, but produced only a slight effect on the rate for money, which was comparatively low until the end of the year. The harvest in England was indifferent, but good in Ireland; the average for Great Britain being some 10 to 15 per cent. below the average.

In 1882 the negotiations which had been in progress for some time with France for a new commercial treaty fell through. Instead of the Treaty of 1860, one was drawn up on the lines of the most-favoured-nation character. The year was marked by the collapse of the electric light mania, and the disappearance either from active operation or from actual existence of many of the companies. During

the year there was a thorough collapse of the speculative mania of the French Stock Markets. The failures of the Société de l'Union Générale and Banque de Lyon et de la Loire, took place in the early part of the year, bringing widespread distress, and creating a great scarcity of money in France. The harvest was better than any during the last seven years, but not equal to the average of years preceding that period.

In 1883 a new Tariff Bill was passed in the United States. The reduction of duties under this treaty was much less than was expected, and did not affect to any appreciable extent the volume of trade. A provisional agreement was entered into with Spain without any definite treaty being arranged. Failures in Liverpool occurred during the year, being the result of speculations in grain or provisions, the most notable being that of Morris Ranger. The harvest was, on the whole, favourable, and an improvement as compared with the previous seven years; but still under the average of years preceding that period.

In this brief sketch of the last twelve years, three important circumstances, which had a marked effect on prices, are apparent.

1st. In 1871-3 the disturbance caused by the immense transfer of capital from France to Germany, and the consequent impetus to speculation in all kinds of commercial undertakings.

2nd. In 1879 the heavy demand for many classes of commodities, and more particularly iron, for the United States, caused by the building of railways and the placing of the commercial transactions with that country on a surer and sounder basis by a return to specie payments.

3rd. A long succession of bad harvests. The first two are causes affecting an increased demand for goods; the latter has a tendency to diminish demand. Although every year the cheapness of bread becomes less dependent on our home supplies of grain owing to the increasing importations, the popular opinion that good harvests bring an increased volume of business still holds good to some extent; although, as we have seen in 1879, the increased trade and the rise of price was concurrent with an exceptionally bad harvest. Mr. Giffen in the paper already mentioned, speaking of the causes affecting prices, thus referred to bad harvests:—

"It has long been an axiom of economists that nothing so powerfully conduces to depression in trade, and a consequent fall in prices, as a succession of bad harvests. One bad harvest among several good ones may not have much visible influence, but a succession of them is recognised as a potent cause of mischief. The usual explanation has been that the bad harvest, leading to a high price of bread, causes direct distress among the masses of consumers, that their purchases of staple manufactures fall off; that the people in the trades so affected also become poor; and so, by a quick round, all trades become impoverished. If a second bad harvest follows the first, and a third the second, then evil effects are aggravated, and affairs at last come to be very bad. In addition, in a country like England, which has to import more largely from abroad when its own harvests are deficient, the bad harvests tend to make the exchanges adverse; raise the value of money; diminish new investments; and so injure trade. Whatever the *modus operandi*, the bad times following on bad harvests have been too notorious for the connection to be overlooked."

STATEMENT OF THE STOCKS AND PRICES OF CERTAIN COMMODITIES DURING THE DECADE 1874-83.

| | POPULATION. | SUGAR. | | | | TEA. | | | |
|------|-------------|--|--------------------|---------------------------|--|------------------------------|--------|-----------------------------------|---|
| | | STOCKS. | | PRICES. | | STOCKS. | | PRICES. | |
| | | Raw and Refined, United Kingdom, 31st Dec. | Java, 31st Dec. | West Indian, 31st Dec. | | United Kingdom, 31st Dec. | | Sound Common Congou, 31st Dec. | Sound Common Congou, Yearly Average. |
| 1874 | 33,118,987 | 180,000 tons. | 26/- cwt. | 21/6 cwt. | | 87,122,000 lbs. | d. | lb. | d. |
| 1875 | 33,458,802 | 165,000 " | 24/6 " | 19- " | | 107,507,000 " | 9 1/2 | " | 11 " |
| 1876 | 33,799,548 | 112,600 " | 33/6 " | 29/6 " | | 113,390,000 " | 8 " | " | 9 1/2 " |
| 1877 | 34,139,363 | 190,000 " | 24/6 " | 20- " | | 110,328,000 " | 9 " | " | 7 1/2 " |
| 1878 | 34,479,178 | 125,000 " | 24/- " | 19/- " | | 115,906,000 " | 7 1/2 | " | 7 1/2 " |
| 1879 | 34,818,993 | 175,000 " | 29/6 " | 23/- " | | 102,481,000 " | 10 1/2 | " | 9 " |
| 1880 | 35,159,739 | 160,000 " | 26- " | 20/3 " | | 103,718,000 " | 7 1/2 | " | 8 1/2 " |
| 1881 | 35,499,554 | 190,000 " | 27- " | 21/- " | | 111,764,000 " | 5 1/2 | " | 6 1/2 " |
| 1882 | 35,839,369 | 253,000 " | 24- " | 19- " | | 117,850,000 " | 4 1/2 | " | 4 1/2 " |
| 1883 | 36,179,184 | 265,000 " | 22/3 " | 17/3 " | | 125,039,000 " | 7 " | " | 4 1/2 " |

PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100.

| | | Higher | | Lower | | Higher | | Lower | | Higher | | Lower | |
|------|--------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|--------|-------|
| | | Higher | | Lower | | Higher | | Lower | | Higher | | Lower | |
| | | Higher | Lower | Higher | Lower | Higher | Lower | Higher | Lower | Higher | Lower | Higher | Lower |
| 1874 | 100.0 | 100.0 | ... | ... | ... | 100.0 | ... | ... | ... | 100.0 | ... | ... | ... |
| 1875 | 101.03 | 91.6 | ... | 8.4 | ... | 123.4 | ... | ... | ... | 105.6 | ... | ... | ... |
| 1876 | 102.06 | 62.5 | ... | 37.5 | ... | 130.1 | ... | ... | ... | 88.8 | ... | ... | ... |
| 1877 | 103.09 | 105.5 | ... | 94.2 | ... | 126.6 | ... | ... | ... | 100.0 | ... | ... | ... |
| 1878 | 104.12 | 69.4 | ... | 30.6 | ... | 133.0 | ... | ... | ... | 83.3 | ... | ... | ... |
| 1879 | 105.15 | 97.2 | ... | 2.8 | ... | 117.6 | ... | ... | ... | 16.7 | ... | ... | ... |
| 1880 | 106.18 | 88.8 | ... | 11.2 | ... | 119.0 | ... | ... | ... | 16.7 | ... | ... | ... |
| 1881 | 107.21 | 105.5 | ... | ... | ... | 128.8 | ... | ... | ... | 61.1 | ... | ... | ... |
| 1882 | 108.24 | 140.5 | ... | ... | ... | 135.2 | ... | ... | ... | 47.2 | ... | ... | ... |
| 1883 | 109.27 | 147.2 | ... | ... | ... | 143.5 | ... | ... | ... | 77.3 | ... | ... | ... |

| COFFEE. | | | | COCOA. | | |
|--|--|---|--|---|---|--|
| STOCKS. | | PRICES. | | STOCKS. | PRICES. | |
| United Kingdom, 31st Dec. | Principal European Entrepôts, 31st Dec. | Middling Plantation, 31st Dec. | Good Channel Rio, 31st Dec. | United Kingdom, 31st Dec. | Middling Trinidad, 31st Dec. | |
| 1874 1875 1876 1877 1878 1879 1880 1881 1882 1883 | 14,000 tons 18,000 " 9,068 " 18,000 " 13,500 " 16,000 " 17,000 " 17,000 " 18,500 " 24,500 " | 57,300 tons 96,000 " 59,000 " 96,800 " 86,000 " 81,300 " 107,700 " 144,500 " 150,000 " 180,300 " | 101/- cwt. 106/- " 118/- " 107/- " 96/- " 101/- " 84/- " 75/- " 70/- " 75/- " | 77/- cwt. 79/- " 83/- " 77/- " 56/- " 69/- " 53/- " 42/- " 34/- " 54/- " | 9,125,351 lbs. 3,731,859 " 5,071,777 " 3,811,931 " 988,573 " 6,029,698 " 7,778,140 " 8,506,948 " 6,081,723 " 6,680,875 " | 46/- cwt. 66/- " 74/- " 78/- " 112/- " 81/- " 75/- " 77/- " 80/- " 82/- " |

PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100.

| Higher. | | Lower. | | Higher. | | Lower. | | Higher. | | Lower. | | Higher. | | Lower. | |
|---------|------|--------|-------|---------|------|--------|-------|---------|-----|--------|-----|---------|-------|--------|-----|
| 100-0 | ... | ... | 100-0 | ... | ... | ... | 100-0 | ... | ... | ... | ... | 100-0 | ... | ... | ... |
| 128-5 | 28-5 | ... | 103-9 | ... | ... | 102-6 | 40-8 | ... | ... | 59-2 | ... | 141-3 | 41-3 | ... | ... |
| 64-7 | ... | 35-3 | 116-8 | 16-8 | ... | 107-8 | 56-5 | ... | ... | 44-5 | ... | 160-8 | 60-8 | ... | ... |
| 128-5 | 28-5 | ... | 105-9 | ... | ... | 100-0 | 41-7 | ... | ... | 58-3 | ... | 169-5 | 69-5 | ... | ... |
| 96-4 | ... | 3-6 | 94-0 | ... | 6-0 | ... | 10-8 | ... | ... | 89-2 | ... | 243-4 | 143-4 | ... | ... |
| 107-1 | 7-1 | ... | 100-0 | ... | ... | 89-6 | 66-1 | ... | ... | 33-9 | ... | 176-1 | 76-1 | ... | ... |
| 121-4 | 21-4 | ... | 83-1 | ... | ... | 68-8 | 85-2 | ... | ... | 14-8 | ... | 168-0 | 63-0 | ... | ... |
| 121-4 | 21-4 | ... | 74-2 | ... | ... | 64-5 | 98-2 | ... | ... | 6-8 | ... | 167-4 | 67-4 | ... | ... |
| 182-1 | 32-1 | ... | 69-3 | ... | 30-7 | ... | 68-1 | ... | ... | 33-9 | ... | 173-9 | 73-9 | ... | ... |
| 176-0 | 75-0 | ... | 74-2 | ... | 25-8 | ... | 73-2 | ... | ... | 26-8 | ... | 178-2 | 78-2 | ... | ... |

| RICE. | | | PRICES. | | INDIGO. | | | |
|-----------|---|-----------------------|----------------------------|----------------------------|--------------------------|---------------------------------|---------------|-------------|
| STOCKS. * | | PRICES. | | Bengal—White, 31st Dec. | STOCKS. | | | PRICES. |
| 31st Dec. | Tons. | Rangoon, 31st Dec. | Bengal—White, 31st Dec. | | East India, 31st Dec. | South American, 31st Dec. | Bengal Crops. | |
| 1874 | London, 51,929 Liverpool, 50,900 | 9/- cwt. | 11/3 cwt. | Chesta. Serona. | 21,348 | 50,388 | Maunda. | 7/- per lb. |
| 1875 | London, 27,803 Liverpool, 57,940 | 8/6 " | 11/6 " | | 12,870 | 31,176 | | 5/9 " |
| 1876 | London, 37,349 Liverpool, 38,900 | 10/3 " | 11/9 " | | 16,720 | 22,990 | | 6/7 " |
| 1877 | London, 45,457 Liverpool, 51,630 | 10/3 " | 11/6 " | | 13,406 | 32,844 | | 5/6 " |
| 1878 | London, 23,199 Liverpool, 30,020 | 9/- " | 13/6 " | | 10,521 | 24,491 | | 5/5 " |
| 1879 | London, 12,441 Liverpool, 36,917 | 9/9 " | 13/9 " | | 14,767 | 34,172 | | 7/10 " |
| 1880 | London, 29,577 Liverpool, 36,980 | 8/9 " | 10/4 " | | 6,922 | 17,998 | | 7/- " |
| 1881 | London, 52,593 Liverpool, 90,851 | 7/9 " | 9/1 " | | 8,538 | 20,961 | | 7/- " |
| 1882 | London, 25,071 Liverpool, 110,900 | 7/- " | 9/9 " | | 9,274 | 22,373 | | 6/3 " |
| 1883 | London, 54,849 Liverpool, 76,650 | 8/6 " | 10/6 " | | 9,944 | 27,225 | | 6/3 " |

* The Stock of Rice in London means only rough or cargo rice; there are no statistics of cleaned rice to be obtained for this port. The stock in Liverpool includes cleaned rice, and there are no separate statistics for rough rice.

PROPORTIONATE RESULTS OF RICE AND INDIGO, TAKING THE YEAR 1874 AS 100.

| | Higher | Lower | | Higher | Lower | | Higher | Lower | | Higher | Lower | | Higher | Lower | | Higher | Lower |
|-------|--------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|-------|--------|-------|
| 100.0 | ... | ... | 100.0 | ... | ... | 100.0 | ... | ... | 100.0 | ... | ... | 100.0 | ... | ... | 100.0 | ... | ... |
| 83.3 | ... | 16.7 | 94.2 | ... | 5.8 | 102.2 | ... | 2.2 | 102.2 | ... | 2.2 | 102.2 | ... | 38.2 | 162.0 | ... | 82.1 |
| 78.5 | ... | 26.5 | 113.9 | ... | ... | 104.4 | ... | 4.4 | 104.4 | ... | ... | 130.8 | ... | 54.4 | 94.0 | ... | 60 |
| 94.4 | ... | 5.6 | 118.9 | ... | ... | 102.2 | ... | 2.2 | 102.2 | ... | ... | 196.2 | ... | 30.3 | 78.6 | ... | 21.5 |
| 61.7 | ... | 48.3 | 100.0 | ... | ... | 120.0 | ... | 20.0 | 120.0 | ... | ... | 143.0 | ... | 96.2 | 77.8 | ... | 22.7 |
| 48.0 | ... | 52.0 | 108.3 | ... | ... | 126.6 | ... | 26.6 | 126.6 | ... | ... | 94.9 | ... | 43.0 | 111.9 | ... | ... |
| 64.7 | ... | 35.3 | 97.2 | ... | ... | 95.5 | ... | ... | 95.5 | ... | ... | 172.1 | ... | ... | 100.0 | ... | ... |
| 139.5 | ... | ... | 86.1 | ... | 13.9 | 80.0 | ... | ... | 80.0 | ... | ... | 170.8 | ... | 72.1 | 100.0 | ... | ... |
| 132.2 | ... | ... | 77.7 | ... | 22.3 | 86.6 | ... | ... | 86.6 | ... | ... | 186.0 | ... | 70.8 | 89.2 | ... | 10.8 |
| 127.9 | 27.9 | ... | 94.2 | ... | 5.8 | 93.3 | ... | ... | 93.3 | ... | ... | 189.8 | ... | 89.8 | 89.2 | ... | ... |

| SILK. | | | JUTE. | | |
|-------|-------------------------------|------------------------|--|---------------------|--|
| | STOCKS. | PRICES. | STOCKS. | PRICES. | |
| | United Kingdom, 31st Dec. | 4th Twelfth, 31st Dec. | Visible Supply, exclusive of Dundee, of which no returns are obtainable, London, Liverpool, and afloat to United Kingdom, on 1st August each year. | 1st Aug. each year. | |
| 1874 | 46,183 bales = 5,246,273 lbs. | 14.6 lb. | 77,051 tons | £. s. d. | |
| 1875 | 32,876 " | 14/- " | 68,689 " | 17 0 0 per ton. | |
| 1876 | 32,969 " | 24/6 " | 53,869 " | 16 18 0 " | |
| 1877 | 36,623 " | 18/6 " | 42,682 " | 17 15 0 " | |
| 1878 | 33,451 " | 15/- " | 43,458 " | 17 3 0 " | |
| 1879 | 36,518 " | 16/6 " | 64,304 " | 16 1 0 " | |
| 1880 | 38,452 " | 14/- " | 41,175 " | 18 14 0 " | |
| 1881 | 31,396 " | 17/- " | 32,485 " | 18 8 0 " | |
| 1882 | 29,908 " | 15/6 " | 45,379 " | 15 3 0 " | |
| 1883 | 29,388 " | 16/- " | 96,778 " | 13 11 0 " | |
| | | | | 12 15 0 " | |

PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100.

| | STOCKS. | | STOCKS. | | PRICES. | |
|-------|---------|--------|---------|--------|---------|--------|
| | Higher. | Lower. | Higher. | Lower. | Higher. | Lower. |
| 100-0 | ... | ... | 100-0 | ... | 100-0 | ... |
| 72-8 | ... | 27-7 | 82-8 | 17-2 | 99-4 | ... |
| 72-0 | ... | 28-0 | 69-9 | 30-1 | 104-4 | ... |
| 82-7 | ... | 17-3 | 55-3 | 44-7 | 100-8 | ... |
| 74-5 | ... | 25-5 | 56-4 | 43-6 | 94-4 | 5-6 |
| 79-9 | ... | 20-1 | 88-4 | 16-6 | 110-0 | ... |
| 82-6 | ... | 17-4 | 53-4 | 46-6 | 108-2 | ... |
| 69-3 | ... | 30-7 | 42-1 | 57-9 | 89-1 | 10-9 |
| 66-2 | ... | 33-8 | 58-8 | 41-2 | 79-7 | 20-3 |
| 67-1 | ... | 32-9 | 125-6 | ... | 75-0 | 25-0 |

COTTON.

WOOL.

| STOCKS. | | | PRICES. | | PRICES. | |
|---|--|-------------------------------------|-----------------------|-----|-----------------------------------|--------------------------|
| In Principal Ports, United Kingdom, 31st Dec. | Port Phillip, Average Price, 31st Dec. | Lincoln, Half-Hogs, 31st Dec. | STOCKS. | | Middling, Upland, 31st Dec. | Fair Surat, 31st Dec. |
| Bales. | lb. | d. | Bales. | lb. | d. | d. |
| 1874 72,000 = 21,000,000 | 23 lb. | 21 lb. | 785,000 = 308,898,000 | 398 | 7½ lb. | 4½ lb. |
| 1875 75,000 = 21,000,000 | 21½ " | 18½ " | 675,000 = 266,508,000 | 396 | 6½ " | 4½ " |
| 1876 95,000 = 27,000,000 | 22 " | 18 " | 588,000 = 243,432,000 | 414 | 6½ " | 5½ " |
| 1877 180,000 = 51,000,000 | 20½ " | 15½ " | 403,000 = 165,230,000 | 410 | 6½ " | 5½ " |
| 1878 175,000 = 49,000,000 | 18½ " | 13½ " | 373,000 = 164,493,000 | 441 | 4½ " | 5½ " |
| 1879 64,000 = 18,000,000 | 19½ " | 15 " | 525,000 = 222,075,000 | 423 | 6½ " | 5½ " |
| 1880 158,000 = 43,000,000 | 21 " | 14 " | 510,800 = 226,795,200 | 444 | 6½ " | 5½ " |
| 1881 100,000 = 27,000,000 | 19½ " | 12½ " | 525,900 = 231,921,900 | 441 | 6½ " | 5½ " |
| 1882 158,000 = 46,000,000 | 19½ " | 10½ " | 789,700 = 294,400,600 | 398 | 5½ " | 3½ " |
| 1883 87,000 = 27,000,000 | 19 " | 10 " | 694,000 = 303,972,000 | 438 | 5½ " | 4 " |

PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100.

| Higher. | | Lower. | | Higher. | | Lower. | | Higher. | | Lower. | | Higher. | | Lower. | |
|---------|-------|--------|-----|---------|-----|--------|-----|---------|-----|--------|-----|---------|-----|--------|-----|
| 100-0 | ... | 100-0 | ... | 100-0 | ... | 100-0 | ... | 100-0 | ... | 100-0 | ... | 100-0 | ... | 100-0 | ... |
| 100-0 | ... | 93-5 | ... | 100-0 | ... | 86-2 | ... | ... | ... | 13-8 | ... | ... | ... | ... | ... |
| 128-5 | ... | 95-6 | ... | 88-1 | ... | 11-9 | ... | ... | ... | 21-2 | ... | ... | ... | ... | ... |
| 242-8 | 28-5 | 89-1 | ... | 85-7 | ... | 14-3 | ... | ... | ... | 46-6 | ... | ... | ... | ... | ... |
| 283-3 | 142-8 | 80-4 | ... | 73-8 | ... | 26-2 | ... | ... | ... | 56-7 | ... | ... | ... | ... | ... |
| 85-7 | 133-3 | 84-7 | ... | 64-3 | ... | 35-7 | ... | ... | ... | 28-1 | ... | ... | ... | ... | ... |
| 204-7 | ... | 91-8 | ... | 71-4 | ... | 28-6 | ... | ... | ... | 26-6 | ... | ... | ... | ... | ... |
| 128-5 | 104-7 | 84-7 | ... | 66-6 | ... | 33-4 | ... | ... | ... | 25-0 | ... | ... | ... | ... | ... |
| 219-0 | 28-5 | 84-7 | ... | 48-8 | ... | 40-5 | ... | ... | ... | 4-7 | ... | ... | ... | ... | ... |
| 128-5 | 119-0 | 82-6 | ... | 47-6 | ... | 51-2 | ... | ... | ... | 1-6 | ... | ... | ... | ... | ... |
| | 28-5 | ... | ... | ... | ... | 52-4 | ... | ... | ... | ... | ... | ... | ... | ... | ... |

| PEPPER. | | | GINGER. | | |
|---------|---|----------------|---------------------------|----------------------|--|
| | STOCKS. | PRICES. | STOCKS. | PRICES. | |
| | White and Black, London only, 31st Dec. | — 31st Dec. | London only, 31st Dec. | Bengal, 31st Dec. | |
| 1874 | 4,116 tons. | d | 8,982 cwt. | 49/- cwt. | |
| 1875 | 4,452 " | 6½ lb. | 9,687 " | 41/- " | |
| 1876 | 4,964 " | 4 " | 14,778 " | 30/- " | |
| 1877 | 6,120 " | 3½ " | 22,063 " | 21/6 " | |
| 1878 | 6,099 " | 3½ " | 28,571 " | 16/9 " | |
| 1879 | 4,144 " | 4½ " | 32,827 " | 22/6 " | |
| 1880 | 5,286 " | 4½ " | 32,072 " | 20/- " | |
| 1881 | 5,547 " | 5 " | 32,983 " | 23/- " | |
| 1882 | 3,078 " | 5½ " | 21,625 " | 28/6 " | |
| 1883 | 3,230 " | 6½ " | 16,704 " | 42/- " | |

| PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100. | | | | | | | | | |
|--|---------|--------|-------|---------|--------|-------|---------|--------|------|
| | Higher. | Lower. | | Higher. | Lower. | | Higher. | Lower. | |
| 100-0 | ... | ... | 100-0 | ... | ... | 100-0 | ... | ... | ... |
| 108-1 | 8-1 | ... | 108-4 | 8-4 | ... | 88-6 | ... | ... | 16-4 |
| 120-6 | 20-6 | ... | 165-4 | 65-4 | ... | 61-2 | ... | ... | 38-8 |
| 148-6 | 48-6 | ... | 247-8 | 147-8 | ... | 48-8 | ... | ... | 56-2 |
| 148-1 | 48-1 | ... | 819-8 | 219-8 | ... | 34-2 | ... | ... | 65-8 |
| 100-6 | 0-6 | ... | 367-5 | 267-5 | ... | 45-8 | ... | ... | 54-2 |
| 128-4 | 28-4 | ... | 359-0 | 259-0 | ... | 40-8 | ... | ... | 59-2 |
| 134-7 | 34-7 | ... | 369-2 | 269-2 | ... | 46-9 | ... | ... | 53-1 |
| 74-7 | ... | 25-3 | 242-0 | 142-0 | ... | 58-1 | ... | ... | 41-9 |
| 78-4 | ... | 21-6 | 187-0 | 87-0 | ... | 86-7 | ... | ... | 14-3 |

COCHINEAL.

| | STOCKS. | | PRICES. | |
|------|------------------------------|--------------------------------|--------------------------------|----------|
| | United Kingdom, 31st Dec. | Kentucky Stemmed, 31st Dec. | Tenerife Silvers, 31st Dec. | |
| 1874 | 91,609,168 lbs. | d. lb. | 10,630 sercons. | s. d. |
| 1875 | 79,277,797 " | 10½ " | 7,492 " | 1 9½ lb. |
| 1876 | 96,243,903 " | 9½ " | 5,590 " | 1 9 " |
| 1877 | 106,573,208 " | 8½ " | 7,046 " | 2 9 " |
| 1878 | 132,349,087 " | 6 " | 5,256 " | 1 10 " |
| 1879 | 114,223,040 " | 6½ " | 4,891 " | 2 0 " |
| 1880 | 116,672,945 " | 6½ " | 4,988 " | 2 11 " |
| 1881 | 106,658,694 " | 7½ " | 8,224 " | 1 8½ " |
| 1882 | 83,636,348 " | 8 " | 10,277 " | 1 6 " |
| 1883 | 80,432,614 " | 8 " | 10,784 " | 1 0 " |
| | | | | 0 10½ " |

PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100.

| | STOCKS. | | PRICES. | | STOCKS. | | PRICES. | | STOCKS. | | PRICES. | |
|-------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|---------|--------|
| | Higher. | Lower. | Higher. | Lower. | Higher. | Lower. | Higher. | Lower. | Higher. | Lower. | Higher. | Lower. |
| 100·0 | ... | 13·6 | 100·0 | ... | 100·0 | ... | 100·0 | ... | 100·0 | ... | 100·0 | ... |
| 86·4 | ... | ... | 97·7 | 2·3 | 70·4 | 29·6 | 97·6 | 2·4 | 97·6 | 2·4 | 97·6 | 2·4 |
| 103·9 | 3·9 | ... | 88·6 | 11·4 | 52·6 | 47·4 | 153·5 | ... | 153·5 | ... | 153·5 | ... |
| 116·3 | 16·3 | ... | 79·5 | 20·5 | 66·2 | 33·8 | 102·3 | ... | 102·3 | ... | 102·3 | ... |
| 144·4 | 44·4 | ... | 54·5 | 45·5 | 49·3 | 50·7 | 111·6 | ... | 111·6 | ... | 111·6 | ... |
| 124·6 | 24·6 | ... | 61·3 | 38·7 | 46·0 | 54·0 | 162·8 | ... | 162·8 | ... | 162·8 | ... |
| 127·3 | 27·3 | ... | 59·1 | 40·9 | 47·0 | 53·0 | 96·3 | ... | 96·3 | ... | 96·3 | ... |
| 116·4 | 16·4 | ... | 68·1 | 31·9 | 77·0 | 23·0 | 83·7 | ... | 83·7 | ... | 83·7 | ... |
| 91·2 | ... | 8·8 | 72·7 | 27·3 | 96·8 | 3·2 | 55·8 | ... | 55·8 | ... | 55·8 | ... |
| 87·7 | ... | 12·3 | 72·7 | 27·3 | 101·5 | ... | 48·8 | ... | 48·8 | ... | 48·8 | ... |

| NITRATE OF SODA. | | | SALTPETRE. | | |
|------------------|------------------------------|---------------------------|-------------------------|-------------------------------|--------------|
| | STOCKS. | PRICES. | STOCKS. | PRICES. | |
| | United Kingdom, 31st Dec. | 31st Dec. | In London, 31st Dec. | English Refined, 31st Dec. | <i>s. d.</i> |
| 1874 | 43,000 tons | <i>s. d.</i> 12 9 cwt. | 3,444 tons | | 25 9 cwt. |
| 1875 | 77,000 " | 11 9 " | 6,024 " | | 23 3 " |
| 1876 | 101,000 " | 12 0 " | 5,312 " | | 23 6 " |
| 1877 | 43,700 " | 15 3 " | 4,204 " | | 27 0 " |
| 1878 | 59,200 " | 13 0 " | 3,607 " | | 24 3 " |
| 1879 | 27,500 " | 18 9 " | 3,313 " | | 26 9 " |
| 1880 | 17,000 " | 14 6 " | 1,628 " | | 28 3 " |
| 1881 | 8,700 " | 14 7½ " | 1,276 " | | 29 3 " |
| 1882 | 29,000 " | 12 3 " | 2,023 " | | 26 0 " |
| 1883 | 32,000 " | 10 0 " | 2,365 " | | 24 3 " |

| PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100. | | | | | | | |
|--|---------|--------|---------|--------|---------|--------|---------|
| | Higher. | Lower. | Higher. | Lower. | Higher. | Lower. | Higher. |
| 100·0 | ... | ... | 100·0 | ... | 100·0 | ... | ... |
| 179·0 | 79·0 | ... | 174·9 | 7·9 | 174·9 | ... | 9·8 |
| 234·8 | 134·8 | ... | 154·2 | 5·9 | 154·2 | ... | 8·8 |
| 181·6 | 1·6 | ... | 122·0 | ... | 122·0 | ... | ... |
| 187·6 | 37·6 | ... | 104·7 | ... | 104·7 | ... | ... |
| 63·9 | ... | ... | 96·1 | ... | 96·1 | ... | ... |
| 39·5 | ... | 36·1 | 47·0 | ... | 47·0 | ... | 5·9 |
| 20·2 | ... | 60·5 | 13·7 | ... | 47·2 | ... | ... |
| 67·4 | ... | 79·8 | 14·7 | ... | 87·1 | ... | ... |
| 74·4 | ... | 32·6 | ... | 4·0 | 68·7 | ... | ... |
| | ... | 25·6 | ... | 21·6 | 68·6 | ... | 5·9 |

| IRON. | | | COPPER. | | | TIN. | | |
|--|--------------|------------------|--|---------|-----------------------|--|---------|------------------------|
| STOCKS. | | PRICES. | STOCKS. | | PRICES. | STOCKS. | | PRICES. |
| Scotland and North of England, 31st Dec. | | G.M.B. 31st Dec. | Available Stocks, Chili Bars, Ores, and Regulus, in Liverpool, Swansea, and Havre, and English and Foreign Copper in London. 31st Dec. | | Chili Bars, 31st Dec. | Available Stocks, Straits, Australian, Banca, and Billiton, in London and Holland. 31st Dec. | | Straits Tin. 31st Dec. |
| 1874 | 185,737 tons | 76/- ton. | 19,752 tons. | £ s. d. | £ s. d. | 8,121 tons. | £ s. d. | 95 10 0 per ton. |
| 1875 | 244,258 " | 64 - " | 20,083 " | 84 0 0 | 81 0 0 | 9,845 " | 81 0 0 | " " |
| 1876 | 545,541 " | 57 9 " | 26,055 " | 76 0 0 | 76 0 0 | 10,288 " | 76 0 0 | " " |
| 1877 | 809,797 " | 51 6 " | 30,676 " | 66 0 0 | 66 0 0 | 11,730 " | 65 10 0 | " " |
| 1878 | 1,034,387 " | 43 6 " | 37,244 " | 58 0 0 | 58 0 0 | 13,500 " | 61 0 0 | " " |
| 1879 | 1,027,886 " | 67 6 " | 41,676 " | 65 10 0 | 65 10 0 | 12,758 " | 91 0 0 | " " |
| 1880 | 1,070,124 " | 52 8 " | 45,962 " | 62 0 0 | 62 0 0 | 11,648 " | 92 0 0 | " " |
| 1881 | 1,318,170 " | 51 10 " | 36,926 " | 71 0 0 | 71 0 0 | 10,121 " | 109 0 0 | " " |
| 1882 | 1,102,179 " | 49 - " | 31,956 " | 65 0 0 | 65 0 0 | 10,414 " | 93 0 0 | " " |
| 1883 | 1,088,105 " | 43/- " | 34,507 " | 58 0 0 | 58 0 0 | 11,103 " | 85 0 0 | " " |

PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100.

| Higher. | | Lower. | | Higher. | | Lower. | | Higher. | | Lower. | |
|---------|-------|--------|------|---------|-------|--------|------|---------|-------|--------|-----|
| 100.0 | ... | 100.0 | ... | 100.0 | ... | 100.0 | ... | 100.0 | ... | 100.0 | ... |
| 131.5 | 31.5 | 84.2 | 15.8 | 97.0 | 1.6 | 97.0 | 3.0 | 21.2 | 84.8 | 15.2 | ... |
| 293.7 | 193.7 | 75.9 | 24.1 | 90.4 | 31.9 | 90.4 | 9.6 | 26.6 | 79.6 | 20.4 | ... |
| 435.9 | 335.9 | 67.7 | 32.3 | 78.5 | 55.3 | 78.5 | 21.5 | 44.4 | 68.5 | 31.5 | ... |
| 556.8 | 456.8 | 57.2 | 42.8 | 69.0 | 89.6 | 69.0 | 31.0 | 66.2 | 63.8 | 36.2 | ... |
| 553.4 | 453.4 | 88.8 | 11.2 | 78.0 | 110.9 | 78.0 | 22.0 | 57.0 | 95.3 | 4.7 | ... |
| 576.1 | 476.1 | 69.3 | 30.7 | 232.6 | 132.6 | 73.8 | 26.2 | 43.4 | 96.3 | 3.7 | ... |
| 709.6 | 609.6 | 64.4 | 31.8 | 84.5 | 86.9 | 84.5 | 15.5 | 24.6 | 114.1 | 14.1 | ... |
| 593.4 | 493.4 | 50.5 | 35.6 | 77.4 | 61.7 | 77.4 | 12.6 | 28.2 | 97.3 | 2.7 | ... |
| 585.8 | 485.8 | 50.5 | 43.5 | 69.0 | 74.7 | 69.0 | 31.0 | 36.7 | 89.0 | 11.0 | ... |

TIMBER

| STOCKS. | | PRICES. | |
|---|------------|-------------------------------|--|
| In London exclusive of staves, 31st Dec. | | Swedish Fourths. 31st Dec. | |
| 11,680,300 in pieces and 76,000 in loads. | | Per standard 165 cubic ft. | |
| 10,521,900 | " 75,500 " | £10 15 0 | |
| 10,839,000 | " 86,900 " | 8 15 0 | |
| 16,699,500 | " 78,800 " | 10 0 0 | |
| 13,686,600 | " 55,900 " | 9 10 0 | |
| 13,379,000 | " 54,000 " | 7 12 0 | |
| 16,978,900 | " 41,900 " | 9 0 0 | |
| 15,865,100 | " 47,000 " | 9 5 0 | |
| 13,597,900 | " 46,100 " | 10 5 0 | |
| 14,529,800 | " 45,200 " | 10 15 0 | |
| | | 8 5 0 | |

PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100.

| | Higher. | Lower. | | Higher. | Lower. | | Higher. | Lower. |
|-------|---------|--------|-------|---------|--------|-------|---------|--------|
| 100·0 | ... | ... | 100·0 | ... | ... | 100·0 | ... | .. |
| 90·0 | ... | 10·0 | 99·3 | ... | 0·7 | 81·3 | ... | 8·7 |
| 92·8 | ... | 7·2 | 114·3 | 14·3 | ... | 93·0 | ... | 7·0 |
| 142·9 | 42·9 | ... | 103·6 | 3·6 | ... | 88·3 | ... | 11·7 |
| 117·1 | 17·1 | ... | 73·5 | ... | 26·5 | 70·7 | ... | 29·3 |
| 114·3 | 14·3 | ... | 71·0 | ... | 29·0 | 83·7 | ... | 16·3 |
| 145·3 | 45·3 | ... | 55·1 | ... | 44·9 | 86·0 | ... | 14·0 |
| 135·8 | 35·8 | ... | 61·8 | ... | 38·2 | 95·3 | ... | 4·7 |
| 116·4 | 16·4 | ... | 60·6 | ... | 39·4 | 100·0 | ... | ... |
| 124·3 | 24·3 | ... | 59·3 | ... | 40·7 | 76·7 | ... | 23·3 |

WHEAT.

ANIMALS.

| | IMPORTS. | | PRICES. | | LIVE STOCK. | | IMPORTS. | | PRICES. | |
|------|---|--|------------------------------------|----------|---|--|---|--|--------------------------|--------------------------|
| | Grain and Flour. 1 cwt. of Wheat Flour = 14 cwt. Wheat in Grain. | | Average Gazette Price for Year. | | United Kingdom. Cattle, Sheep, and Pigs. (Exclusive of Horses.) | | Oxen, Bulls, Cows, Calves, Sheep, and Lambs. | | Beef. Prime. | Mutton. Prime. |
| | | | s. d. | Imp. qr. | | | | | d. per stone. (8 lb.) | d. per stone. (8 lb.) |
| 1874 | 49,322,693 cwt. | | 55 | 8 | 9,652,220 | | 952,777 | | 64 0 | 60 0 |
| 1875 | 59,546,621 " | | 45 | 2 | 9,609,383 | | 1,249,336 | | 62 0 | 74 0 |
| 1876 | 51,904,433 " | | 46 | 2 | 9,546,354 | | 1,312,903 | | 54 0 | 70 0 |
| 1877 | 63,491,429 " | | 56 | 9 | 9,453,204 | | 1,075,248 | | 58 0 | 68 0 |
| 1878 | 59,691,583 " | | 46 | 5 | 9,348,321 | | 1,145,587 | | 54 0 | 61 0 |
| 1879 | 73,002,110 " | | 43 | 10 | 9,156,973 | | 1,192,656 | | 54 0 | 56 0 |
| 1880 | 68,459,814 " | | 44 | 4 | 8,331,433 | | 1,330,845 | | 57 0 | 69 0 |
| 1881 | 71,344,669 " | | 45 | 4 | 8,301,103 | | 1,254,518 | | 56 0 | 55 0 |
| 1882 | 80,562,503 " | | 45 | 1 | 8,488,270 | | 1,468,090 | | 59 0 | 77 6 |
| 1883 | 84,550,271 " | | 41 | 7 | 8,667,109 | | 1,590,865 | | 62 0 | 66 0 |

PROPORTIONATE RESULTS OF ABOVE, TAKING 1874 AS 100.

| | Higher. | | Lower. | | Higher. | | Lower. | | Higher. | | Lower. | | Higher. | | Lower. | |
|-------|---------|-------|--------|------|---------|-----|--------|-------|---------|------|--------|------|---------|------|--------|-----|
| | | | | | | | | | | | | | | | | |
| 100-0 | ... | 100-0 | ... | ... | 100-0 | ... | ... | ... | 100-0 | ... | ... | ... | 100-0 | ... | ... | ... |
| 120-7 | 20-7 | 81-1 | ... | 18-9 | 99-5 | ... | 0-5 | 181-2 | 31-2 | 96-8 | ... | 3-2 | 128-3 | 23-3 | ... | ... |
| 105-2 | 5-2 | 82-9 | ... | 17-1 | 98-8 | ... | 1-2 | 137-7 | 37-7 | 84-3 | ... | 15-7 | 116-6 | 16-6 | ... | ... |
| 128-7 | 28-7 | 101-8 | 1-8 | ... | 97-9 | ... | 2-1 | 112-9 | 12-9 | 90-6 | ... | 9-4 | 113-3 | 13-3 | ... | ... |
| 121-0 | 21-0 | 83-4 | ... | 16-6 | 96-8 | ... | 3-2 | 120-2 | 20-2 | 84-3 | ... | 15-7 | 101-6 | 1-6 | ... | ... |
| 148-0 | 48-0 | 78-4 | ... | 21-6 | 94-7 | ... | 5-3 | 125-2 | 25-2 | 89-0 | ... | 11-0 | 93-3 | ... | 6-7 | ... |
| 138-8 | 38-8 | 79-3 | ... | 20-7 | 86-3 | ... | 13-7 | 139-7 | 39-7 | 87-5 | ... | 11-0 | 115-0 | 15-0 | ... | ... |
| 144-6 | 44-6 | 81-1 | ... | 18-9 | 86-0 | ... | 12-1 | 131-7 | 31-7 | 87-5 | ... | 7-8 | 91-6 | ... | 8-4 | ... |
| 163-3 | 63-3 | 80-7 | ... | 19-3 | 87-9 | ... | 12-1 | 164-2 | 54-2 | 92-2 | ... | 3-2 | 129-1 | 29-1 | ... | ... |
| 171-4 | 71-4 | 74-4 | ... | 25-6 | 89-7 | ... | 10-3 | 167-0 | 67-0 | 96-8 | ... | ... | 110-0 | 10-0 | ... | ... |

COALS.

| PRODUCTION. | PRICE. |
|--|---------------------------------|
| Quantities Produced in United Kingdom. | Best Coal, Average Price, Year. |
| 125,067,916 tons. | 25/9 ton. |
| 131,867,105 " | 23/9 " |
| 133,344,826 " | 21/3 " |
| 134,610,763 " | 19/6 " |
| 132,564,887 " | 17/11 " |
| 134,008,228 " | 18/- " |
| 146,818,622 " | 16/- " |
| 154,184,300 " | 17/6 " |
| 156,499,977 " | 17/3 " |
| No Returns. | (18/6) " |

PROPORTIONATE RESULTS OF ABOVE, TAKING THE YEAR 1874 AS 100.

| | Higher. | Lower. | | Higher. | Lower. |
|-------|---------|--------|------|---------|--------|
| 100 | ... | ... | 100 | ... | ... |
| 104.8 | 4.8 | ... | 92.2 | ... | 7.8 |
| 106.6 | 6.6 | ... | 82.5 | ... | 17.5 |
| 107.6 | 7.6 | ... | 75.7 | ... | 24.3 |
| 108.6 | 6.6 | ... | 69.9 | ... | 30.1 |
| 107.2 | 7.2 | ... | 69.9 | ... | 30.1 |
| 117.4 | 17.4 | ... | 62.1 | ... | 37.9 |
| 123.3 | 23.3 | ... | 67.9 | ... | 32.1 |
| 125.2 | 25.2 | ... | 66.9 | ... | 33.1 |
| ... | ... | ... | 71.8 | ... | 28.2 |

INDEX NUMBERS.

| | | | | | | STOCKS. | PRICES |
|------------------|-----|-----|-----|-----|-----|---------|--------|
| 1874 | ... | ... | ... | ... | ... | 2,500 | 2,500 |
| 1875 | ... | ... | ... | ... | ... | 2,545 | 2,360 |
| 1876 | ... | ... | ... | ... | ... | 2,824 | 2,504 |
| 1877 | ... | ... | ... | ... | ... | 3,351 | 2,248 |
| 1878 | ... | ... | ... | ... | ... | 3,448 | 2,140 |
| 1879 | ... | ... | ... | ... | ... | 3,169 | 2,460 |
| 1880 | ... | ... | ... | ... | ... | 3,333 | 2,194 |
| 1881 | ... | ... | ... | ... | ... | 3,361 | 2,232 |
| 1882 | ... | ... | ... | ... | ... | 3,863 | 2,119 |
| 1883 | ... | ... | ... | ... | ... | 3,310 | 2,111 |
| Total for decade | | | | | | 31,204 | 22,868 |

Where two classes of stock or two classes of prices are given, the mean percentage has been taken; but the Stock of Coffee in European Entrepôts is not included in the percentages.

The accompanying tables show the stocks and wholesale prices of twenty-five selected articles, on the 31st December of each year for the ten years, 1874 to 1883. For the purposes of comparison, the population is also given, worked out up to 31st December of each year. Subjoined is also a table showing the proportionate results of both stocks and prices of each year compared with 1874. In the calculation of percentages I have reckoned 1874 as 100, for the basis of comparison. As I have already pointed out, 1871 to 1872 was a period of high prices and inflation, followed by a reaction in 1873, and continued through 1874. You must therefore remember that, compared with the previous years, the end of 1874 witnessed a low level of prices, and that in taking this as a basis we start from a depressed period.

The twenty-five articles I have selected are those chiefly used either in our manufacturing trades, or for supplies of food. I had hoped that this enquiry would have embraced a more extended period, and a larger number of articles, so that the conclusions should have rested on as wide a foundation as possible, but I found considerable difficulty in obtaining the stocks, of those commodities included in the table, held in the United Kingdom, even for ten years, let alone a longer period. Moreover the time and space allotted for this paper would not permit reference to a wider number of articles. The difficulty arose from the fact that the wholesale or first stock of some commodities is spread over the kingdom and in some instances there is no combination amongst the dealers or brokers for obtaining statistics of holdings in the different centres. As it is, you will notice that some of the stocks given are those for London only, but as in these cases London holds by far the largest, if not all those stocks, it will answer the present purpose.

As regards the prices of the twenty-five articles, twenty-one have fallen, even as compared with 1874, and in many cases the fall is a heavy and serious one. They are sugar, tea, coffee, rice, indigo, ginger, wool, cotton, jute, tobacco, cochineal, nitrate of soda, saltpetre, hides, tallow, timber, iron, copper, tin, wheat, and coals. The exceptions to the general fall are cocoa, pepper, silk, and meat, the latter, however, being much the same as in 1874, and only slightly dearer.

On the other hand, what is the position of the stocks? Fifteen commodities have increased in stocks, namely, sugar, tea, coffee, rice, ginger, wool, jute, cochineal, hides, iron, copper, tin, wheat, animals or meat, and coals; and they all exhibit a decrease in price, excepting meat. The stocks of ten are lower, viz.: cocoa, indigo, pepper, cotton (slightly), silk, tobacco, nitrate of soda, saltpetre, tallow, and timber. This latter article is given in both pieces and loads, and it is difficult to estimate accurately the entire quantity, or the increase or decrease, but as a rough estimate I have taken the mean percentage between

the two. Of these ten commodities showing a decrease in the stocks, seven also show a *decrease* in price; so that apparently, though the stock or supply has fallen, the demand has also fallen. The seven are indigo, cotton, tobacco, nitrate of soda, saltpetre, tallow, and timber.

In these seven, indigo is more apparent than real. For if you take the Bengal crop as an indication of the supply—and it is the crop that appears to regulate the price—you will see that the stock is in excess of 1874 and has been increasing for the last six years, though not actually on hand here. Of this article Messrs. Patry and Pasteur, in their *Annual Review* for 1882, write as follows:—

“The past year will be remembered as one of the most unsatisfactory that the Indigo trade in Europe has experienced for a long time. At the close of 1881 Stocks had run down to a low point, and this scarcity kept prices above the proper level, considering the abundant crops that were so shortly to be received. Commencing thus with a scale of prices quite unwarranted by the real position of the article, the market soon began to feel the effect of the large arrivals both from Calcutta and Madras, the latter crop, and our share of it especially, proving to be very much larger than had been anticipated. . . . The crop now being sold in Calcutta is expected to reach nearly, if not quite, 150,000 maunds (against the already large figure of 135,000 last season), and although Madras will, no doubt, send us much less than in 1882, the two crops combined will give quite as large a supply as last year, and amply sufficient for all requirements, being, if anything, rather in excess of the present rate of consumption. Stocks in Europe are believed to be somewhat larger than they were at the commencement of last year.”

Again, in the review for 1883:—

“The year we have to pass under review has again been unsatisfactory for the indigo trade; the export demand has throughout been slack, speculation has been quite dormant, and almost the only support given to the article has been a steady demand for the home trade, which has taken about the same quantity as in previous years. On the other hand, the supply has not been excessive, and fluctuations in prices for most descriptions have not been important.”

In Cotton, the stock has slightly decreased as compared with 1874, but, as compared with the years between, it is much higher. In reviewing the range of price for the last decade, it is noticeable how steadily the better class of cotton has fallen, excepting in 1878. Surat, which is an inferior cotton, has also fallen, but not with the same evenness. Messrs. Patry and Pasteur, in their review for 1882 of the raw cotton market, write:—

“The imports into *London* have again been larger than the previous two years, reaching the total of 336,000 bales, against 266,000 bales in 1881, and 229,000 bales in 1880. The demand for export in our market has left much to be desired throughout the past year, and holders here at all times had great difficulty in realising. It will require some time to restore the equilibrium, and much depends on the prospective supplies from India, where crops again look promising, though present low values may retard shipments to Europe.

“The state of trade in Lancashire during 1882 has not been as prosperous as in 1881, the Indian markets being mostly over-supplied with goods, and there is no doubt that the present enormous production all over the world can only be absorbed at low prices, leaving but little margin to manufacturers and shippers.”

Again, in the Review for 1883 :—

“The American crop of the season 1882-83 was the largest ever grown, and has reached 6,992,234 bales, of which 2,888,468 bales were exported to the United Kingdom.”

Speaking of the prospects of the trade, the *Manchester Guardian*, writing on a retrospect of the year 1883, says :—

“The retrospect of the past year presents few but gloomy colours, and the road before us looks at least as dreary. There has been nothing exhilarating about business lately. No sense of growth or power—no pride of success. . . We are suffering from the great but little understood impoverishment of vast portions of the Chinese Empire.”

In the tables, the lowest stock touched in the last decade was in 1878, since which it has gradually risen. Cotton being so important an article, it is possible to obtain statistics of the consumption. Sub-joined is a comparative statement of imports and exports into and from the United Kingdom, and also of consumption :—

| | Imported into United Kingdom. | Exported. | Home Consumption. |
|------|----------------------------------|----------------|----------------------|
| 1874 | 3,915,000 Bales. | 684,000 Bales. | 1,266,129,250 lbs. |
| 1875 | 3,708,000 " | 706,000 " | 1,230,388,800 " |
| 1876 | 3,583,000 " | 524,000 " | 2,274,376,750 " |
| 1877 | 3,198,000 " | 437,000 " | 1,237,373,500 " |
| 1878 | 3,016,000 " | 364,000 " | 1,176,451,070 " |
| 1879 | 3,359,000 " | 484,000 " | 1,173,325,990 " |
| 1880 | 3,639,800 " | 531,200 " | 1,372,636,630 " |
| 1881 | 3,887,000 " | 537,600 " | 1,439,393,160 " |
| 1882 | 4,234,000 " | 670,900 " | 1,461,440,980 " |
| 1883 | 4,034,700 " | 594,600 " | 1,510,599,900 " |

From the above we find that the consumption in 1883, though not so great as it has been during the decade, shows an increase from 1874 of 19·1 per cent.

Tobacco has decreased in stock and decreased in price also. According to the Board of Trade Returns, the consumption is rather less per head than in 1874. In 1874 the consumption was 1·44 per head, and in 1883 1·42 per head, indicating perhaps that, owing to lower wages, the working classes have to economise in the use of this luxury. More probably, however, the lessened consumption per head arises from the duty having been increased in 1879 sixpence per lb. You will observe from the tables that though the price is lower now than in 1874, it is rising as compared with 1878-81, the much larger stocks we then held being gradually worked off. But although the Board of Trade Returns do not show much decrease in the consumption per head, the total deliveries in London for home consumption exhibit slight alteration, and appear to be much the

same in 1883 as in 1874. The home deliveries in the Port of London, taken from Messrs. Grant, Chambers & Co.'s annual review, are subjoined. I have also given the net imports, as per the Board of Trade Returns, after deducting exports :—

| | Deliveries for Home Consumption, Port of London. | Net Imports. United Kingdom. |
|-------------|--|---------------------------------|
| 1874 | 8,032 Hhds. | 61,645,960 lbs. |
| 1875 | 7,713 " | 37,627,957 " |
| 1876 | 7,726 " | 67,165,917 " |
| 1877 | 8,137 " | 64,326,769 " |
| 1878 | 7,724 " | 77,546,646 " |
| 1879 | 8,259 " | 32,653,780 " |
| 1880 | 8,647 " | 53,943,583 " |
| 1881 | 8,908 " | 41,927,213 " |
| 1882 | 8,679 " | 30,898,476 " |
| 1883 | 8,120 " | 49,428,701 " |

Nitrate of Soda has decreased in stock. As the demand for that commodity is one largely for agricultural purposes, being used in the composition of chemical manure, it is conceivable that the demand has been lower than usual; so notwithstanding the less stock, the supply has been in excess of the demand and that the price has fallen from that cause.

Saltpetre, although it has been included in this table, and was referred to by Mr. Goschen in his list of prices, is not an article for which there is a steady and regular demand. It is used chiefly in the manufacture of gunpowder, and during a time of extensive wars, owing to the increased demand, the price rises, aided by speculation, to an extraordinary height. As showing the prices to which saltpetre may rise during periods of war, Mr. Tooke remarks that it reached 170s. per cwt. in 1795, in 1796 it fell to 45s., and rose again to 96s. In 1798-9 it was 145s. As there has not been much demand for war purposes during the last few years, it is conceivable that, notwithstanding the lower stock, the supply is still in excess of demand.

In Tallow the price is only slightly lower than in 1874, although the stock in London at the end of 1883 was unusually low. At first sight one would imagine that the price at the end of 1883 should have been higher, judging from the stock; but it appears, however, to have quickly increased again, for in April, 1884, it stood at close upon 23,000 casks.

As regards Timber, the deficiency in stock is probably more apparent than real, owing to the before-mentioned difficulty of estimating the stock of pieces with that given in loads; the former show a large increase, the latter a deficiency. In taking the mean

percentage of the two classes there is a decrease; but I am of an opinion that the stock in pieces, which are of all kinds of sizes, far exceeds that in loads, that in reality there is a large increase in the whole stock as compared with 1874, and that prices have fallen owing to the supply being larger than the demand. On the other hand there is a new demand owing to the increased use of wood for street paving.

Out of these seven articles then, that in the tables have fallen both in stock and price, we may set aside indigo, cotton, nitrate of soda, saltpetre, and timber, in which the price has fallen from the supply being in excess of demand, notwithstanding that apparently we have less stocks on hand than formerly; tobacco and tallow are exceptions, and the fall in price must be accounted for by other causes.

The remaining three of the ten commodities that have decreased in stock have, following the law of supply and demand, risen in price. They are silk, cocoa, and pepper. Silk has risen in price owing more to deficient crops than our increased demand. Cocoa, according to the Board of Trade returns, has increased in the home consumption from 0.27 lb. per head in 1874, to 0.86 lb. per head of the population in 1883, an additional reason to that of a lower stock for a rise in the price. Pepper has risen during the last year of the decade owing to a decrease in the stocks during the last two years. Although the stock given is that for London only, it is practically the whole, little or none being held in other ports of the kingdom.

Of the fifteen commodities showing an increase in stock, they all exhibit a decline in price, excepting meat, so I allude to that first.

The important article Meat is represented in the tables by the term animals. No proper account of stock can be given. With a view of getting some rough idea, I have taken the imports of cattle, which are nearly all killed on arrival, and also the Board of Trade return of live stock in the United Kingdom, each year. The importation has largely increased, but the price, though the mean percentage is slightly higher, is much the same in 1883 as in 1874, beef being rather cheaper and mutton rather dearer. With the prospect of a large supply of frozen carcasses from South America and the Colonies it is to be hoped that the price of this important article of food will fall.

In Sugar, the stock, if given up to present date, would show a considerable increase on the figures I have given. The increase in the supply of sugar is no doubt owing to the great impetus given to its production by the system of bounties in operation on the Continent. That lowness of price increases consumption is evidenced by Mr. Giffen's Report to the Board of Trade in July of this year, in which he showed the consumption of sugar had increased from 15 lb. per head in 1840 to 68 lb. per head at the present time. In 1845-50 the average price of West Indian Brown Sugar was 29s. This increase in consumption may therefore be attributed in no small degree to a lower range of prices.

The annual home consumption of Raw and Refined Sugar is estimated as follows, by Messrs. Patry and Pasteur :—

| | | | |
|-------------|---------------|-------------|-------------|
| 1874 | 836,000 tons. | 1879 | 960,000 " |
| 1875 | 928,000 " | 1880 | 990,000 " |
| 1876 | 925,000 " | 1881 | 1,030,000 " |
| 1877 | 900,000 " | 1882 | 1,045,000 " |
| 1878 | 950,000 " | 1883 | 1,118,000 " |

This shows an increase of the annual consumption in 1883 as compared with 1874 of 33·7 per cent. ; whilst the increase in stock in 1883 as compared with 1874 is 47·2 per cent. This is a striking instance of over-production. Messrs. Patry and Pasteur write in their Annual Review for 1883 as follows :—

"If it is possible to have too much of a good thing, the remark certainly applies to the condition of this important market during the greater part of 1883, and more particularly during its closing months, which we fear will be long remembered by the trade as exceptionally unsatisfactory."

In Tea the stocks have increased enormously, and prices exhibit a steady and, on the whole, severe fall. In this commodity we are able to estimate with some certainty the stock in excess of that which is necessary to our consumption, as we are able to ascertain the quantity consumed. According to Messrs. J. C. Sillar & Co., it is as follows :—

| | | | |
|-------------|------------------|-------------|------------------|
| 1874 | 187,423,000 lbs. | 1879 | 160,652,000 lbs. |
| 1875 | 145,458,000 " | 1880 | 158,570,000 " |
| 1876 | 149,132,000 " | 1881 | 160,266,000 " |
| 1877 | 151,275,000 " | 1882 | 165,080,000 " |
| 1878 | 157,692,000 " | 1883 | 170,813,000 " |

The increase of *total* consumption in 1883, as compared with 1874, is 24·2, whilst the stock has increased 43·5 per cent., being considerably in excess of consumption. The consumption per head only increased from 4·1 lbs. in 1874, to 4·7 lbs. in 1883. These figures and the tables, showing as they do the great increase in the percentage of stock in excess of consumption, clearly indicate over-production. This needs no additional comment.

In Coffee the stocks abroad have increased enormously. At one time London possessed almost a monopoly of the trade, the greater part of the crops coming here for gradual distribution on the Continent. Now there are greater facilities for storing the articles in warehouses abroad, and above all greater facilities than formerly on the Continent for carrying or financing the stock. The stock at Havre alone, at the end of 1883, was 61,600 tons, and in Holland 47,400 tons, whilst the *total* estimated stocks at the chief European Ports in 1874 was only 57,800 tons in all. In this country the stock has also largely increased whilst, according to the Board of Trade returns, the home consumption per head has actually fallen, being in 1874, 0·96 lb. per head, and in 1883, 0·89 lb. per head. According to Messrs.

Patry & Pasteur, the total annual consumption in the United Kingdom is as follows :—

| | | | | | | | |
|------|-----|-----|--------------|------|-----|-----|--------------|
| 1874 | ... | ... | 14,200 tons. | 1879 | ... | ... | 15,500 tons. |
| 1875 | ... | ... | 14,500 " | 1880 | ... | ... | 14,500 " |
| 1876 | ... | ... | 14,900 " | 1881 | ... | ... | 14,300 " |
| 1877 | ... | ... | 14,650 " | 1882 | ... | ... | 14,300 " |
| 1878 | ... | ... | 14,900 " | 1883 | ... | ... | 14,500 " |

This shows but little increase in the total consumption, which is nearly stationary, whilst the stock has increased enormously, again indicating over-production.

In Rice, the fluctuations in price are not important, though the price is lower in 1883 than in 1874. The stocks have increased 27·9 per cent. I am unable to give the total annual consumption, as in the deliveries it is not separated from that taken for export. In an estimate by the Board of Trade, based on the difference between imports and exports, the consumption per head has increased from 10·18 lb. in 1874 to 12·45 lb. in 1883, and this will probably account for the price not having fallen to a larger extent.

Ginger has increased in stock considerably since 1874, but the stocks which in 1881 were nearly four times that of 1874, appear to be working down, and accordingly the price has risen since 1881, but is still much lower than in 1874.

As regards the raw article Wool, the trade does not appear to be possessed of any accurate knowledge of the stock of home-grown wool held by farmers and others. I am, however, indebted to Mr. A. Sauerbeck, of Messrs. Helmuth, Schwartz & Co., for the stocks of imported wools at the principal ports of the United Kingdom on the 31st December of each year, and these are given in the tables. The stocks have ranged with some unevenness, but if we take 1882 and some previous years, we see that the stock is frequently double that of 1874. It is difficult to say what is the actual consumption in this country, but, as a rough index, I give the home consumption of Colonial wool—

| | | | | | | | |
|------|-----|-----|----------------|------|-----|-----|----------------|
| 1874 | ... | ... | 396,000 bales. | 1879 | ... | ... | 382,000 bales. |
| 1875 | ... | ... | 441,000 " | 1880 | ... | ... | 436,000 " |
| 1876 | ... | ... | 449,000 " | 1881 | ... | ... | 495,000 " |
| 1877 | ... | ... | 465,000 " | 1882 | ... | ... | 489,000 " |
| 1878 | ... | ... | 441,000 " | 1883 | ... | ... | 542,000 " |

Showing an increase in 1883 over 1874 in the consumption of wools of this class of 36·8 per cent. You will notice that there is a much heavier fall in the price of English wool in comparison with that of Colonial. The reason is that the demand for the coarse long staple of the English article is very much less than formerly. This arises from the change of fashion causing an almost exclusive demand for soft woollen materials, necessitating the use in manufactures of the shorter and finer merino wool. Coarse wools, which form half of the

consumption of the United Kingdom have for some years been very depressed, and part of the English clip and large parcels of similar foreign wools have been frequently held for years. The manufacturers are fairly prosperous at present, forming an exception to the general outlook of other trades. My impression is that here we have supply larger than demand, more particularly in the home-grown wools.

The complete stocks of Jute I have only been able to get as far as the 1st of August in each year. Consequently the price is given as on that date through the decade. There is a considerable increase of stock, and consequent fall in price. But I ought to add that owing to a deficient crop in 1883, which at first produced only a slight effect on the price, the price rose during the last four months of 1883 from £12 15s. in August to £15 10s. on the 31st December, still showing, however, larger stocks and a fall in price as compared with 1874.

In the article *Cochineal*, we start in 1874 with a comparatively heavy stock of 10,630 serons, which dwindled to 4,891 serons in 1879, and the price rose from 1s. 9½d. to 2s. 11d.; since then the stock had again accumulated in 1882 to 10,277 serons, and in 1883 to 10,784, the price in the latter year having fallen to 10½d., apparently indicating a supply in excess of demand.

In *Raw Hides* the range of stocks shows no considerable increase, excepting in 1877 and 1878 when it was more than double the stock of 1873, and the price as compared with 1874 fell some 20 per cent. The stock of 1883 shows only an increase of some 25 per cent. on 1874, but a considerable fall as compared with 1882. The price in 1883 shows a slight rise as compared with 1882, and the rise would probably have been greater had it not been for the many heavy failures that took place in the leather trade. The stock has increased and the price fallen.

I now come to the stocks of metals, Iron, Copper, and Tin. I regret I am unable to include lead, but I found it almost impossible to obtain any statistics of the stocks in that article, and I have therefore omitted it. It may be mentioned, however, that the price on the 31st December, 1874, was £24 per ton, and on the same date in 1883, only £12 5s. per ton, being a fall of nearly 50 per cent. The annual review of Messrs. French & Smith states that, in 1883, we imported 100,000 tons, "the largest annual importation ever known, and this included parcels of lead held by bankers and others abroad, who had made advances, and refused to hold any longer."

As regards the important article iron, the stock has steadily increased from 185,737 tons in 1874, to the enormous total of 1,088,105 tons in 1883. Excepting in 1879, when there was a considerable rise owing to large orders from America, the price has steadily fallen away from 76s. in 1874 to 43s. in 1883. The stock has increased in the decade 485·8 per cent. Of the consumption it is

not easy to speak, but on all sides we have heard of the badness of trade for some years. Messrs. William Fallows & Co., of Liverpool, write a full and able annual review of the trade, and I cannot do better than quote some portions from it.

"Looking at the unsatisfactory condition of the trade during the last two or three years, the inquiry naturally arises, 'What is the cause of all this?' and the answer is to be found in an investigation of our dealings with the United States. The extraordinary increase in shipments, which first manifested itself towards the end of 1879, seems to have continued in almost undiminished volume to the end of 1882. The following figures show the total exports of iron and steel to the United States :—

| 1879. | 1880. | 1881. | 1882. | 1883. |
|---------|-----------|-----------|-----------|---------|
| Tons. | Tons. | Tons. | Tons. | Tons. |
| 707,427 | 1,358,136 | 1,162,459 | 1,192,683 | 688,187 |

"It has now become abundantly evident how wild and unnatural this outburst of activity was, and the consequences are too painfully reflected in the depressed state of the Iron trade on both sides of the Atlantic. Within twelve months the output of iron was increased to 3,500,000 tons, and there was a further extension in 1881 and 1882; or to put it in another way, the world's production of pig iron was, as nearly as possible, doubled during the fourteen years, 1869 to 1882: say from 10,500,000 tons to 20,500,000 tons; but more than half this increase took place in the four years, 1879 to 1882. A new element of depression in connection with the iron trade has sprung up within the last few months. During the last three years there was a very marked activity in shipbuilding, and it is estimated over 3,000,000 tons of shipping, mainly steamers, have been built during that period. In 1883 the tonnage launched was close upon 1,300,000 tons. As might be expected, this great increase of tonnage led to a serious fall in freights, which have now reached a point that threatens loss to all concerned. This result has suddenly checked the demand for new vessels, and the outlook is very poor indeed. Already the tonnage building on the Clyde is reduced to a little more than one-half of what it was twelve months ago, and other districts are even worse off than this. The effect on the iron trade will be manifest when it is borne in mind that during 1883 the quantity of plates, angles, rivets, machinery, &c., used up in the shipbuilding and engineering yards would probably be not less than 750,000 tons, or 62,500 tons monthly. Of this, we estimate 650,000 tons would be produced in the Middlesbro' district, and the remainder principally in Scotland. This would represent a consumption of about 1,125,000 tons of pig iron, or nearly 100,000 tons monthly.

Subjoined I give the tonnage of Shipbuilding, extracted from Messrs. Robinson's and Marjoribanks' Circular for December, 1883 :—

SHIPBUILDING.

| Iron Ships. | Built. | Tonnage. | Building. | Tonnage. |
|-------------|--------|---------------|-----------|---------------|
| 1874 | 204 | 264,010 Tons. | 170 | 182,443 Tons. |
| 1875 | 268 | 231,662 " | 144 | 132,289 " |
| 1876 | 243 | 200,990 " | 146 | 152,745 " |
| 1877 | 287 | 176,079 " | 127 | 138,551 " |
| 1878 | 248 | 214,750 " | 71 | 97,260 " |
| 1879 | 177 | 180,576 " | 146 | 208,601 " |
| 1880 | 218 | 241,668 " | 180 | 318,789 " |
| 1881 | 292 | 340,802 " | 227 | 379,790 " |
| 1882 | 287 | 392,866 " | 209 | 326,211 " |
| 1883 | 393 | 419,749 " | 132 | 194,289 " |

In Copper the stocks have considerably increased in 1883 as compared with 1874, although under the influence of the comparatively high prices of 1879, the stock was larger than it is now. The stock in 1883 is 74·7 higher than in 1874, whilst the price is 31 per cent. lower.

In Tin the stock is 36·7 higher in 1883 than in 1874, whilst the price is 11 per cent. lower.

As regards Wheat, I am unable to give you stocks, for as you can well understand, there is no accurate record, and moreover there are such large stocks in the United States and Europe for us to draw supplies from, that so long as our navigation is free or unimpeded by war, a slight rise in price will bring us all we want. As we import the larger part of our food supply, I have taken the imports as a rough guide to our supply or stock, and during the decade the increase of foreign imported corn is enormous. As indicating a new source of supply, the growth of the trade with India is remarkable, as last year India sent us 273,906 quarters, whilst 20 years ago the trade from this quarter was unknown. Importation of grain, &c. has increased 71·4 per cent., and the price has fallen 25·6 per cent.

With regard to Coals, there are no statistics of the stock, because practically there is no stock. But I have given the annual production of coal in the United Kingdom. The production is increasing, and so far as one can judge, the demand, owing to the slackness of trade, is not equal to the supply. The price has steadily fallen since 1874, and in 1883 is some 28 per cent. less than in 1874. It would appear that here production is rather in excess of demand.

These fifteen articles that I have just now touched upon all show an increased stock or supply, with lower prices, meat excepted. As regards the important articles of food, sugar, tea, coffee, and the metals, iron, tin, copper, with, it is presumed, lead, the excess in supply and the fall in price is most marked in comparing 1883 with 1874. To sum up this comparison of stocks with prices, the result

is that at the end of 1888 as compared with 1874 a fall in price had occurred from the supply being in excess of the demand in nineteen commodities, viz., sugar, tea, coffee, rice, indigo, ginger, wool, cotton, jute, cochineal, nitrate of soda, saltpetre, hides, timber, iron, copper, tin, wheat, and coals, and in some cases markedly so. In two, tobacco and tallow, the statistics given do not show excess of supply, and the cause of the fall in price must probably be looked for elsewhere. Three had risen in price from deficient supply, cocoa, pepper, and silk. Meat was about the same in price, notwithstanding an apparent increase in the supply, the price not falling from a probable increase in the consumption. For what it is worth the index numbers of the tables on stocks or prices are appended. Where two prices or two classes of stocks are given, as in meat and timber, I have taken the mean percentage of the two. Too much importance, however, should not be attached to this mode of comparison, owing to the articles not being all of equal importance. The index number for 1874 is for stocks and prices, 2,500 ; in 1888, for stocks, 3,310, prices, 2,111 ; the total in the decade being, stocks 31,204, prices 22,868.

An examination of the returns of the total imports and exports is useful as affording some index to the course of our trade. At any time it is difficult to say what proportion they should bear to one another ; but the imports ought always to exceed the exports, partly as showing a profit on the returns for commodities exported, and partly because, in a country like our own, there are at all times large sums of capital invested abroad, the greater part of the profit on which must come here in the shape of imported commodities. Subjoined is a comparative table of imports and exports for 1874-88.

IMPORTS AND EXPORTS.

VALUE of the TOTAL IMPORTS and EXPORTS of MERCHANDISE into and from the UNITED KINGDOM, with PROPORTION thereof per HEAD of TOTAL POPULATION.

| YEARS. | IMPORTS. | | EXPORTS. | | | | |
|--------|--------------|--|------------------|--|-------------------------------|--|--|
| | Total Value. | Proportion per Head of Population of United Kingdom. | British Produce. | | Foreign and Colonial Produce. | Total Value of British and Foreign and Colonial Produce. | |
| | | | Total Value. | Proportion per Head of Population of United Kingdom. | | | |
| | £ | £ s. d. | £ | £ s. d. | £ | £ | |
| 1874 | 370,082,701 | 11 8 3 | 239,558,121 | 7 7 9 | 58,092,343 | 297,650,464 | |
| 1875 | 373,939,577 | 11 8 5 | 223,465,963 | 6 16 6 | 58,146,360 | 281,612,323 | |
| 1876 | 375,154,703 | 11 6 8 | 200,639,204 | 6 1 3 | 56,137,398 | 256,776,602 | |
| 1877 | 394,419,682 | 11 15 10 | 198,893,065 | 5 18 11 | 53,452,955 | 252,346,020 | |
| 1878 | 368,770,742 | 10 18 3 | 192,848,914 | 5 14 1 | 52,634,944 | 245,483,858 | |
| 1879 | 362,991,375 | 10 12 7 | 191,581,758 | 5 12 2 | 57,251,606 | 248,783,364 | |
| 1880 | 411,229,565 | 11 18 7 | 223,060,446 | 6 9 5 | 63,354,020 | 286,414,466 | |
| 1881 | 397,022,489 | 11 7 4 | 234,022,678 | 6 14 0 | 63,060,097 | 297,082,775 | |
| 1882 | 413,019,608 | 11 14 1 | 241,467,162 | 6 16 10 | 65,193,552 | 306,660,714 | |
| 1883 | 426,891,579 | 11 19 9 | 239,799,473 | 6 14 8 | 65,637,597 | 305,437,070 | |

If we examine these returns, it would seem that the proportion of imports as compared with exports is increasing, the imports per head having increased during the decade 1874-83, whilst the exports per head have decreased, particularly in 1877-8-9. As these returns are the total values of commodities imported and exported, bullion excepted, it should be borne in mind that prices have a considerable influence on the totals; this, however, applies to both items. When we consider the deficiency in our exports as compared with 1874—though we appear to be doing better than in 1877-8-9—it becomes a matter of grave doubt whether we are not importing larger supplies than are necessary for our wants. On the subject of the export of our manufactured commodities and the general depression of trade, much controversy has recently taken place between Lord Dunraven and Mr. Giffen in the *Times* and elsewhere. Without entering into the causes of the depression, it is necessary to call attention to the state of the exports as testifying to depression, and most of us will be ready to admit that depression, i.e., unprofitable trade, does exist. It seems extraordinary—even allowing for the fall in prices in comparing the figures—that the export of British manufactures shows little or no increase in 1883, and this notwithstanding the lessened price of most

raw articles, and consequent lower cost in producing. Some writers, and popular opinion generally, consider bad harvests here a potent cause of bad trade, and much is said at times respecting the effect of a good or bad harvest on trade. But though the harvest affects the home demand for commodities, both imported and manufactured, through the farmer having more or less money to spend, it does not have much influence on exports. Neither does a good harvest influence the price of bread so much as formerly, owing to our drawing the chief supplies of our breadstuffs from abroad. The price of bread, however, which is not likely to fluctuate much, except in the extreme case of a blockade of our coasts, was, and still is, an important factor in the rate of wages, and the cost of production is considerably affected by wages. One cannot pass over the depressed state of our exports, particularly in 1877-8-9, and the absence of any palpable increase in 1884 as compared with 1874, without referring to the late Professor Jevons's sun-spot theory. Unfortunately for this theory, we have had a continuance of depression, and a succession of bad seasons in face of increased supplies from abroad. Professor Jevons, writing to the *Times*, April, 1879, on the subject of cycles of bad seasons, thus states his theory :—

"Some months since you did me the favour to insert a letter on the subject of commercial crises, in which I endeavoured to answer objections against the notion that the activity of commerce in England ultimately depends upon the solar activity. Public men ask again and again what is the cause of the recent, and it may perhaps still be said, the present depressed state of trade. Yet the only answer which refers this state of things to a definite cause is treated with ridicule. I am repeatedly told that they who venture to connect commercial crises with the spots on the sun are supposed to be jesting. So far as I am concerned in the matter, I beg leave to affirm that I never was more in earnest, and that after some further careful inquiry, I am perfectly convinced that these decennial crises do depend upon meteorological variations of like period, which again depend, in all probability, upon cosmical variations of which we have evidence in the frequency of sun-spots, auroras, and magnetic perturbations. I believe that I have, in fact, found the missing link required to complete the first outline of the evidence. About ten years ago it was carefully explained by Mr. J. C. Ollenshaw, in a communication to the Manchester Statistical Society ("Transactions," 1869-70, p. 109), that the secret of good trade in Lancashire is the low price of rice and other grain in India. Here again some may jest at the folly of those who theorise about such incongruous things as the cotton-gins of Manchester and the paddy-fields of Hindostan. But to those who look a little below the surface the connection is obvious. Cheapness of food leaves the poor Hindoo ryot a small margin of earnings, which he can spend on new clothes; and a small margin multiplied by the vast population of British India, not to mention China, produces a marked change in the demand for Lancashire goods."

I now come to the consideration of the question, How far prices have been affected by an increase or decrease in the supply of gold? And this very important and interesting branch of an enquiry into the causes affecting prices I approach with considerable diffidence after the subject has been treated by such able exponents as Mr. Giffen and Mr. Goschen. The statistics of the prices I have already

given you are those of the different commodities measured by their value in gold, which is the basis of our currency system. It is true that the wholesale transactions in the commodities referred to in this paper are chiefly, if not entirely, paid for by mercantile bills of exchange or by cheques; but the importations of produce to this country and the sales or purchases in the wholesale market are all based on the assumption that they can, if required, be paid for in gold. Compared to the magnitude of our transactions, a limited amount of gold only is required, owing to the settlement through the foreign exchanges of all bills of exchange drawn for imports of goods against those drawn for exports, and in like manner the lean and finance transactions of one country against those of the other. In addition we have the simple mechanism of our Clearing House for the exchange of home cheques and bills, thus leaving the ultimate balance only to be paid for in gold, and reducing the use of gold to the lowest possible quantity. Most of you doubtless are acquainted with the economic theory that if the money in circulation is doubled and the number of transactions are the same as before, prices will be doubled, and that the ratio of increase in prices will be precisely the same as the increase of money. The word money is here used in its generally accepted economic sense only, and refers to the standard coin of a country. In this country we have only a single standard, gold, so that with us the economic word "money" is equivalent to gold coin, or gold bullion used as coin. Conversely, if money in circulation is decreased, prices will fall in the same ratio as the decrease in money. This theory of the rise or fall of prices according to the gold supply applies to general or average prices only, as there may be certain commodities in which the full operation of this law is retarded by other causes. But it must be borne in mind that the quantity of gold must be added to, or withdrawn from, that part of the circulation employed in the purchase of commodities, the transactions in which are a fixed quantity. Gold kept in reserve, as at the Banking department of the Bank of England, or in the Issue department, against notes not in circulation, or the till-money of banks, has no effect on prices. Nor do we find that when gold coin is put into circulation by any exceptional payments, such as the public dividends, there is any increase in prices, as it is so quickly returned that it does not become, to use Mr. Mill's phrase, "efficient." The rise or fall in prices being general, one commodity would exchange for another in like ratio as heretofore, and no one would be the better or worse excepting those with fixed incomes. But the *value* of gold would be increased, or appreciated, if a deficient supply caused a fall in prices, or general prices fell from other causes, because a given amount of gold would purchase a larger quantity of commodities than formerly. In like manner gold would depreciate in value if an over-supply caused an increase of prices, or if an increase of general prices arose from any other cause.

Has there, during the period under review, been any increase or decrease in the stock of gold such as would affect prices? The tendency of Mr. Giffen's and Mr. Goschen's papers already referred to, was to the effect that there was, or is, a scarcity in the present supply, and hence the fall of prices was largely, if not mainly, attributable to this cause. This scarcity was assumed, if I mistake not, by reason of the absorption from the available supplies of gold, of about two hundred millions sterling, for the new purposes of a gold currency for Germany, Italy, and the United States. But whatever may be said of a future scarcity, with which at present we are not concerned, I venture to doubt whether, at least in this country, we have experienced any scarcity of gold, either for our ordinary currency purposes, or as part of the mechanism of the Foreign Exchanges, this extraordinary absorption notwithstanding. We must all admit that there has been an extraordinary demand for gold for currency purposes in certain countries, and we may take Mr. Goschen's estimate of £200,000,000 as the amount that has hitherto been necessary for satisfying the demand. But because this enormous sum has been applied in this way, does it necessarily follow that we have not sufficient for our own currency, or that it has been abstracted from the portion that is necessary for us? What evidence is there of gold being so insufficient in quantity that our currency has to be contracted to a point where the pressure would be such as to affect prices?

Supposing that there were a scarcity or drain of gold here, what would be the result? Would not the rate of interest rise in this market owing to there being a less supply of money in the loan markets caused by a less amount of money available for currency? Either we must import less commodities and so lessen payments, or we must raise the rate of interest for the purpose of controlling the foreign exchanges and attracting foreign capital here. A high rate of discount acts on the foreign exchanges by preventing bills being sent here for discount and by attracting capital from abroad for investment, or bills payable here are held on the Continent to a very large extent, and are sent forward or withheld according to the rate of interest. Conversely a low rate permits capital to flow out through an adverse foreign exchange. We know from our own experience that when gold accumulates in any quantity at the Bank of England the bank rate is lowered, and when there is a tendency for gold to leave the Bank the rate is raised. As confirming these views, I will quote Mr. Goschen's work on the Foreign Exchanges:—

“When exchanges are manifestly against any country, and it is perceived that a balance of indebtedness is the cause, the equilibrium can be restored only in two ways; the one being the increase of exports and diminution of imports; the other, an advance in the rate of interest . . . a high rate of interest gives quick and effectual relief. For it is obvious enough in theory (and events have strikingly confirmed the theory in practice) that if apprehension is felt that the export of gold is exceeding the amount which may conveniently be spared, and

that the withdrawal of capital or currency which is taking place is likely to produce a scarcity which may render it difficult to conduct the business of the country on the ordinary footing, there can be no more effectual a remedy than to offer an inducement to foreign countries to replace that which is being lost. But the fact is, as has already been pointed out, that where a considerable efflux of specie is taking place, the rate of interest will rise in the natural course of things. The abstraction caused by the bullion shipments will, of itself, tend to raise the rate, and banking establishments will, in their own interest, accelerate this result as far as lies in their power. . . . The fact has been that almost every advance in the Bank rate of discount is followed by a turn of the exchanges in favour of England ; and, vice versâ, as soon as the rate of interest is lowered, the exchanges become less favourable.

What rates of discount, then, do we find prevailing during recent years ? Have they been such as indicated any strain upon our gold resources ? On the contrary, during the last ten years they have ranged below the average. A table annexed gives the Bank rate prevailing during the twenty years, 1864 to 1883, both inclusive. From this you will see that the rate has only been 5 per cent. nine times, and 6 per cent. three times, during the ten years 1874 to 1883. In the ten years preceding the rate was 5 per cent. twelve times, 5½ per cent. twice, 6 per cent. fourteen times, 7 per cent. thirteen times, 8 per cent. nine times, 9 per cent. four times, and 10 per cent. once. Judging, then, from the Bank rate of discount, I am led to the conclusion that there has been no want of money, or scarcity of gold ; and looking at the low rates prevailing, it would appear there has been more money here than we well knew how to employ.

Let us take another test for the purpose of ascertaining whether the gold supply in this country has been deficient, and so caused the fall in prices. According to the Board of Trade returns, the value of the Gold Bullion and Specie imported into and exported from the United Kingdom, for the decade 1874 to 1883, is as follows :—

GOLD BULLION AND SPECIE.

| | Imports. | Exports. |
|--------------|--------------------|--------------------|
| 1874 | 18,081,019 | 10,641,636 |
| 1875 | 23,140,834 | 18,648,296 |
| 1876 | 23,475,975 | 16,515,748 |
| 1877 | 15,441,985 | 20,361,386 |
| 1878 | 20,871,410 | 14,968,507 |
| 1879 | 13,368,675 | 17,578,818 |
| 1880 | 9,454,361 | 11,828,822 |
| 1881 | 9,963,006 | 15,498,837 |
| 1882 | 14,376,559 | 12,083,804 |
| 1883 | 7,755,800 | 7,091,365 |
| Total | 155,930,124 | 145,167,219 |

And from this we learn the fact that the imports of gold exceeded the exports by some £10,700,000, and that instead of sending gold from here we have actually retained it on balance. From this fact, then, and from the Bank rate of discount not showing any markedly adverse state of the Foreign Exchanges, I am forced to the conclusion that there is no scarcity of gold with us. Hence it has had no agency in causing the recent fall of prices. It may be suggested that prices abroad have fallen from a scarcity of gold in other countries, and our markets have also fallen in sympathy; but there is no evidence at present that there is any scarcity for currency purposes amongst the gold-using countries, even including those that have recently adopted a gold standard.

Have prices been affected by the low rate of interest and increased facilities for credit? The low rate of interest as evidenced by the Bank rate of discount prevailing during the last ten years is a phenomenon which should be carefully studied, both as to its cause and its effects. A larger accumulation of gold here than is necessary for currency purposes would increase capital, or the loan fund, which might be invested in stocks, debentures, loans, or bills, thus tending to raise their price and reduce the rate of interest. This low rate of interest would ultimately have the result of causing a re-exportation of capital or bullion for investment in more profitable channels without any effect on the price of commodities. A possible recent occurrence of this deserves more consideration than has hitherto been given to it, and perhaps this may account for part of the two hundred millions absorbed by the new gold-using countries; but where the two hundred millions came from does not concern the present inquiry unless a scarcity of gold that is felt can be shown. Let us imagine that an appreciable part of this large sum had found its way here, and remained. What should we have done with it? Did we want it? Would it not have created a plethora of capital, causing speculation such as was witnessed in Germany in 1871-3?

Have prices then been affected by an extensive increase of credit, or increased facilities afforded by bankers or others for purchasing produce or the manufacturing of goods? If so, prices would be forced up for a time, with a corresponding or greater fall on the contraction of such facilities of credit. Has there been any such contraction to account for the general fall that has been shown? On the contrary, the course of Banking during the last ten years has been singularly smooth and free from events of a spasmodic character, as compared with former periods; the only exception being the collapse of the City of Glasgow Bank and kindred failures, with which there was nothing approaching to panic or to general contraction of credit.

Is lessened cost of production the cause of the fall? Cost of production is too extensive a subject to be enlarged upon in this paper, for the question of wages enters largely into production, and much may be said on this point. Some wages have no doubt fallen

since 1874, but whether money wages have fallen all round is a matter of some controversy, probably they have fallen slightly. Be that as it may, the application of steam, the introduction of new and improved machinery, the progress of science, and above all the restless activity of the human mind in invention, all tend to lessen the cost of production. An instance of lessened cost in producing is to be found in the iron trade, where, owing to scientific improvement in the mode of smelting iron ore, increased quantities of iron are made without increase of plant, and this has assisted in the over-production of that metal. Cheapened and more expeditious transit lessens the price of a commodity to the consumer. In recent years a noticeable instance of this has occurred in the opening of the Suez canal, considerably reducing freights, and from the more rapid transit, lessening the interest charge on capital necessary to move Eastern produce. No doubt this progressive scientific reduction in the cost of producing must continue, not only with us, but over the whole world; and I think it highly probable that there are certain of the chief articles of produce and manufactures which will never exhibit a permanent return to the high level of prices of former years. But though it is possible a lessened cost of production may have had some effect in causing a fall in prices, it does not appear to be the main cause. For if the fall were mainly owing to that cause, producers as a whole would be making fair profits. That manufacturers or producers are doing this is not in accordance with that which you as business men are familiar, the constant complaint on all sides of the difficulty in making any profit at all, a complaint that seems to be founded on something more than habitual discontent.

To what, then, must we attribute the fall in prices? It does not appear to be caused by a scarcity of gold, judging from the course of the foreign Exchanges, as evidenced by the Bank rate of discount, and by the imports of gold exceeding the exports. Has the fall in silver affected prices? Some bi-metallists would have us believe that it has, and that much of the present depression in trade is owing to our rejection of silver as standard coin. But if we turn to the countries that use silver as standard coin, and especially the United States, we find that prices have fallen quite as heavily and as extensively as with us. Is the fall in prices caused by the succession of bad harvests which has been noticed in the brief sketch I have given of recent commercial history? But, as I have already shown in considering the exports, a good harvest in this country does little more than increase the home demand for commodities, and would have little or none in increasing the exports. Moreover, we have seen a short period of good and profitable trade in this country in 1879 caused almost entirely by a foreign demand, concurrent with one of the worst harvests on record. The main cause of the fall in prices and the present depression in trade is, I venture to think, to be attributed to over supply, or in other words, over-production. This appears to be strikingly shown by the

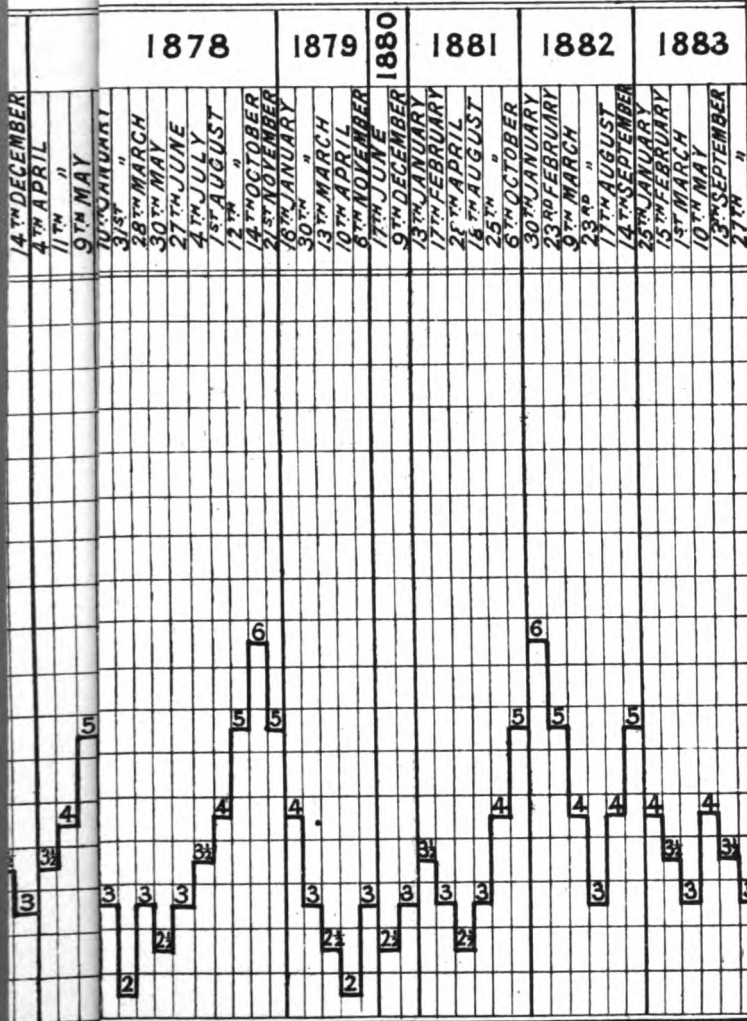
accumulation of stock, notwithstanding the low prices in the majority of commodities of which I have given statistics. As one of the more important causes of over production, too little heed appears to have been given to the effect of the Franco-German war, which for a time caused a considerable interruption to Continental trade, and brought about an abnormal state of prosperity with ourselves. As soon as peace was declared, the high prices, caused by our having a larger share of European trade during the war than formerly, were heightened by the extraordinary demand which sprang up to supply the waste and destruction of all kinds of stocks of commodities and property generally that war always entails, especially one of so extensive a character as the war between France and Germany. In addition to this, the transfer of so much capital to Germany gave an unnatural impetus to many kinds of industries and to much speculation, the latter stimulating demand and raising prices abnormally, the increased demand encouraging future production. At home, the range of high prices prevailing in 1871-3 caused a large transfer of capital to production of all kinds, not only for manufactured goods, but raw products also. Much capital was invested in manufacturing works here, and the purchase of estates or factories abroad, all tending to increase supply. In this country the number of factories of all kinds has increased, old ones improved, and mines long abandoned were re-worked, with the final result of many being closed at the present time. In consequence of this increased production demand was speedily overtaken by supply, and the inevitable reaction has followed. But besides this, the more extended use of the telegraph has had the tendency of making over supply more prominent. In the various channels of distribution less stock is required than formerly, from the retailer upwards, owing to the rapid manner in which supplies can be ordered. The large manufacturer is not now under the same necessity of keeping stock by him as formerly. The telegraph has enabled the merchant or wholesale dealer to make more frequent use of the markets abroad, and from the rapid increase, both in the speed and number of steamers, can have his orders executed in an incredibly short space of time compared with ten years ago. From the less time the stock is on hand, there is less uncertainty in any venture, and traders can carry on business with smaller capital than formerly, with the effect of squeezing out the middleman, and further lessening the cost of distribution. Notwithstanding, then, our ability to carry on the work of distribution with much less stock than formerly, our stocks have increased in the majority of articles considerably.

The chief conclusions I have arrived at from this enquiry are that there is a marked and general fall in prices during the decade 1874-83; that the fall has occurred partly owing to greater facilities of production, and consequent lessened cost than formerly; but mainly from over-production, and this over-production has probably been caused by the opening up of new and more abundant sources of supply.

The fall of prices indicates an appreciation of gold, and it will be a distinct advantage if the present appreciation caused by the low level of prices, continues, and wages or incomes remain the same, as the bodily comfort of our masses will be added to materially, and their social condition thereby improved. Whether this will be so depends entirely on the ability of the producer and manufacturer to keep up supplies and work at a profit at present prices, and how much profit they will be satisfied with.

Before concluding this paper, I have to tender my thanks to the various firms of brokers and others, who have been good enough to supply me with information relating to stocks and prices, and have given me the benefit of their advice. Finally, I have to ask your indulgence if I have been tedious in referring frequently to statistics ; if I have been too bold in stating what may be an individual opinion ; or for any appearance of being positive in assertion. In putting together this paper, I have been thoroughly impressed with the conviction that it is, to quote the words of the *Economist*, " much easier to show how generally prices have declined, and how the decline has affected trade, than to put a finger on the causes of the fall."

1864 to 1883



DISCUSSION ON MR. HANSARD'S PAPER.

The PRESIDENT: The very valuable paper that Mr. Hansard has prepared for us is one which is somewhat difficult to take an ordinary discussion on, as it is one that requires a very great deal of study, and one that will amply repay that study. Mr. Hansard has gone into the statistics of our 25 leading commodities, and the deductions that he has drawn from the statistics he has put before you. It may be said that the paper would perhaps have been more appropriate to the Statistical Society than to ourselves, and to a certain extent that may be true, but you will observe that Mr. Hansard goes into considerable detail on the question of the price of gold, of its supply and demand, and of the effect that that price has on the various products. He does not arrive at the same conclusion that has been arrived at by previous writers; but his paper is so well founded, and his deductions are so well brought out, that they deserve very careful consideration by members of this Institute.

The President having left the chair,

Mr. SLATER (who had taken his place) said: I am sure we must feel very much obliged to Mr. Hansard for the great care and labour he has bestowed upon this paper; and I trust the result of our discussion will be in a measure satisfactory, although the closing words with which he wound up his lecture struck me as forcibly as any he uttered, namely, "that it is much easier to show how generally prices have declined, and how the decline has affected trade, than to put a finger on the causes of the fall." That trade is at the present moment seriously suffering, not only in this country, but elsewhere, is very evident, and anything that tends to elucidate the cause, and therefore to assist us to remove it, must be of great benefit to the community generally. I shall be very happy if any gentleman present will make such remarks as he may see convenient on the paper we have just heard read.

Mr. HENRY HOARE: I must apologise for addressing you this evening on a subject so difficult and complicated as that of Mr. Hansard's paper, to the preparation of which he has evidently bestowed so much time and trouble, when I only heard of the paper last evening, and have had no opportunity of mastering its contents. I will therefore confine my remarks to the point which has struck me most—that the principal cause of the fall of prices in the last ten years is that which Mr. Hansard has rejected as being inadmissible, namely, the increased demand for gold. Every one who has noticed the fall in prices is more or less at a loss to account for its being so general and so permanent; and I would draw the conclusion that its cause must be at the same time both obscure and universal—two criteria which are satisfied in a special manner by the agency of gold. It is admitted on the one hand that the scarcity of gold as a medium

of exchange is not apparent on the surface, and has been in fact barely noticeable, while on the other hand the universality of its agency is undeniable. Now, that the increased demand for gold ought to have an effect upon prices may perhaps be seen by considering the matter from another point of view. It is evident that gold, like other commodities, such as silver or copper, must have some definite exchangeable value at all times, and that this value is arrived at, as in the case of all other commodities, by the ratio between demand and supply. If, then, an increased demand has taken place within the last ten years, amounting, as Mr. Hansard has told us, to no less than 200 millions—if the supply had remained constant during that period—surely its effect ought to be visible in the consequent increase in its value, or, in other words, in a general fall of prices. But the supply has not been stationary—a point to which Mr. Hansard has not alluded; the fact being that since 1873 the annual out-turn of gold all over the world has fallen from 30 millions to something like 18 millions sterling. This is a very large diminution indeed. Ought it not then to have an important effect upon prices? We are burning the candle at both ends. But the appreciation of gold—or a fall in prices—is an admitted fact; we have thus the result corresponding with the theory. The effect which ought to follow is seen in the actual state of things. Why then deny the cause? Now the last great depression occurred in the period ending about 1845. At that time no gold discoveries had been made of any importance, and prices were falling generally. Distress was almost universal. This depression was succeeded by the discoveries of gold in California and Australia, which reversed the aspect of things, and prices rose, while the economists of the time made the most dismal prophecies as to the consequences which were to ensue from the continued depreciation of gold. Here was an admitted cause, and no doubt the effect followed. But in this case the natural consequences were partially counteracted and veiled by two circumstances. One of these was the enormous development of machinery and improved means of locomotion, which tended to exert the same cheapening effect they produce now; and the other was the absorption for many years by France, for coinage purposes, of the extra products of the gold mines. The cheapening process has been going on continuously for the last 40 years, but with this distinction between the two epochs—that from 1845 to 1873, and that from 1873 to the present time—that in the former case the production of gold was in excess of the demand, while in the present epoch it has fallen short of it, the absorption of gold for coinage purposes having exceeded the total production of the world during the entire period. For this reason I cannot but think that the recent demand for gold has had far greater effect on the fall of prices than has been generally supposed. Mr. Hansard has disposed of the theory of the scarcity of gold by two arguments, first by the course of exchange, as

evidenced by the Bank rate, and secondly by the fact that the imports have exceeded the exports. The first argument appears to me to be a fallacy. The rate of interest is no guide to the exchangeable value of gold, as is evident from the consideration that the rate of interest rules permanently higher in India and the Colonies than it does in England, and the rate in England varies from 10 per cent. down to 2 per cent., as we see in Mr. Hansard's table. The lowness of the rate is surely the diminished demand for loans, consequent on the fall of prices, and the diminished disposition on the part of traders to embark in fresh enterprise, or, in other words, to the hand-to-mouth business which a fall in prices naturally induces. The second argument that the fact of the imports of gold exceeding the exports is a disproof of the scarcity of the metal appears to me equally fallacious. Mr. Hansard has omitted to notice the annual consumption of gold in various trades, and the increased demand for gold in this country due to the increase of the population. It is true that we have obtained this excess of about 10 millions sterling, because we required it, and have been able to acquire it by the sale of other articles in export, but that is no guide to the price we have had to pay for it, or, in other words, to the amount of other articles given in exchange for it.

MR. CRICKMAY : As a visitor I believe I am not out of order in saying a few words, and I wish to do so because I find the paper is in some measure connected with a paper read by Mr. Giffen in 1879 on the same topic. I must say I think Mr. Hansard has rightly put aside many of the causes assigned for the very low range of prices, and has fallen back on the much more natural one of what he calls over-production ; and I have only to suggest that he should use the term "over-importation," because those articles he has marked as showing such an enormous increase of stocks, over and beyond home consumption are articles which we import to an enormous extent from abroad. If you take sugar, for instance, the annual consumption has increased only 33 per cent., while the increase in stocks is 47 per cent. In tea, the total increased consumption was 24 per cent., and the increase in stock 43 per cent. Coffee again shows a tremendous increase of stocks as compared with a moderate increase in consumption. These and all the other articles are imported from abroad, and show similar characteristics. There is a paragraph here on page 34: "It seems extraordinary, even allowing for the fall in prices in comparing the figures, that the export of British manufactures shows little or no increase in 1874." I presume that is meant to be "1883?"

MR. HANSARD : Yes.

MR. CRICKMAY : So there is little increase in 1883. In that paper which Mr. Giffen read in 1879, he stated that "it had never been clearly shown by any well-considered statement that the

enormous import of manufactured goods was taking the bread out of the mouths of our home producers." At any rate, the amount of manufactures alone, to say nothing of the raw material, amounted in the rough at that time to £20,000,000 or £25,000,000. The growth of that remarkable import has enormously increased during the last decade. Only yesterday I took out a list from the statistical abstract of 1888 and compared it with 1878, and taking eighteen or twenty articles, most of them similar to the articles referred to in this paper, such as cotton goods, leather goods, bar iron, iron and steel, tin, petroleum, silk, sugar, tobacco, woollen, wood, &c. These articles were imported last year to the extent of £55,750,000, showing an increase of £10,500,000 in the decade. Besides this there is a vast item of £47,000,000 of imports not classified at all, but which are mainly goods in various stages of manufacture, and the gross increase of our imports has been for the decade £56,000,000 per annum. Now, the question I wish to put to Mr. Hansard is : How should it be possible for the exports to show an increase when we see so enormous a growth in the importation of foreign manufactures ; and if these foreign countries can spare so much labour and material to furnish these to us, is it reasonable to expect that they will come to us for the very things they are making themselves ? How can we expect foreigners to come and buy here when we make ourselves so dependent on foreign countries for the things we ourselves can produce ? Our prices are low and wages falling, and in the face of these figures I cannot understand it—"over-production" at home. I would be inclined then to ask Mr. Hansard whether he would not alter the term "over-production" to "over-importation" ; whether, if the cause is "over-importation," he can justify it or explain it ; whether he will not admit that the enormously increased importation has created the over-production ; whether it is not detrimental to our producing millions ; whether he cannot see in the over-importation a cause for the distress in trade and the decrease of wages, which he is inclined to attribute to over-production at home only. The great depression of trade and the fall in wages have now existed so long that over-production at home must have had a sharp check. I cannot help thinking that the evil is caused directly by over-importation, and I put this question pointedly, whether Mr. Hansard will not give us the benefit of his study and experience on this point of "over-importation," which, I think, is a very practical solution of the problem we are met to discuss.

Mr. S. O. GRAY : I must apologise for rising to speak on this question, which I am obliged to confess I have not had time to study from the point of view from which Mr. Hansard has treated it, as I should have wished before venturing to make any remarks on his paper. There are, however, one or two points to which Mr. Hansard has not referred that are deserving of attention. There is one fact, especially, which I do not think he has noticed, that has in my opinion

a most important bearing on the subject of the paper under discussion. We have been comparing prices between 1874 and 1883. Now, I was present when Mr. Goschen read his paper "On the probable results of an increase in the purchasing power of Gold," and took very much the same period for his comparison of prices, and I could not help feeling then that it was a very unfortunate epoch to select. There are, I think, several reasons why this is the case, and which render a comparison of prices between the exact dates selected less trustworthy as evidence of a general fall of prices in ordinary course, and from other than exceptional causes, than almost any other period that could have been chosen. Mr. Hansard has mentioned the Franco-German War, and referred to it as disturbing prices by the very large amount of money transmitted from France to Germany, and the enormous consumption and destruction of all kinds of property. Now, I should like to call your attention to a most important fact regarding the financial revolution that took place simultaneously in France herself. On the 5th of January, 1870—before the war began—the Bank of France was issuing notes in excess of the amount of specie that it held by about £9,000,000 only. On the 1st of January, 1873, it was issuing notes in excess of its specie to the amount of about £79,000,000. That was an increase in the issue, unsecured and unrepresented by bullion, by the Bank of France alone between the 5th January, 1870, and the 1st January, 1873, of about £70,000,000, and on the 12th November, 1873, this increase had reached £91,000,000. In my judgment it would appear that this £70,000,000, for it is sufficient for my purpose to take the smaller sum, created by the Bank of France went to swell the volume of money in the world, and more particularly the money of Europe. Now prices depend on the amount of money in which they are measured, and it has already been said by Mr. Hansard that if you were to double the amount of money you would, other things being equal, double the existing prices as measured in money. And there can, I think, be no doubt but that the money thus created or set free by France did materially affect prices. I cannot help believing that the result was to render the prices of 1873, or thereabouts, altogether abnormally high. I have not had an opportunity of comparing those prices with previous prices, but I venture to think that the fact I have mentioned is worthy of consideration before we determine whether the prices with which we are comparing our present depressed prices were not abnormally high, bearing in mind at the same time that the issue of notes by the Bank of France, in excess of the bullion held against them, has in the interval been reduced to nearly the same proportion that existed before the war, and stood on the 3rd January, 1883, at less than £33,000,000; on the 2nd January, 1884, at £46,000,000; and at the present date is only £32,000,000. I am not prepared to work the matter out, or do more than call the attention of the meeting

to the point, for the benefit of those who are more capable of dealing with the matter than I am. There are one or two other points that strike me as deserving of a passing notice. For example, some of the largest depressions of price have been in metals. I cannot but think that metals occupy an exceptional position with regard to prices. The annual production of metals—more particularly of the precious metals, gold and silver, and we may include copper—is a constant addition to the existing stock, and they are not used up and do not perish as most other commodities do, and therefore the tendency of the price of metals in the absence of a largely increased consumption would be to fall. Passing, lastly, to the more general question, I would like to say that I think a good many of those who have written on this subject have looked at it too exclusively from a producer's point of view, and have forgotten that there are also consumers, who are much more numerous and quite as well worthy of consideration. These low prices we are dealing with now are more or less disastrous to those producers whose arrangements are based upon the high prices of 1873 and 1874; but the consumers have, on the other hand, been reaping a good deal of benefit from them, a benefit to which they are perhaps quite as fairly entitled as the producers were to the large profits of 1873-4. The nation, as a nation, is probably quite as well off when prices are low as when they are high. This point does not escape the notice of those who take a broad general view of this many-sided subject, and it has been referred to at the meetings of this Institute, but attention has not been directed to it in Mr. Hansard's paper. I have not studied the paper sufficiently to venture to deal seriatim with the facts and arguments so well set forth in it; but I thought that the points I have mentioned might well be taken notice of in considering so extremely difficult a question. I feel, and I am sure we must all feel, deeply obliged to Mr. Hansard for the able way in which he has dealt with that question in the paper that he has read to us to-night.

Mr. J. B. MARTIN: I feel that I owe an apology to you for rising to-night, because I am conscious that I make myself heard too often at your meetings. In an assembly like ours it is extremely undesirable that the discussion should drift into the hands of only a few, who speak regularly once a month. Another reason why I hesitate to address you is that I have found the greatest difficulty in grasping the paper in such a manner as to supply me with any material for the few remarks I shall make this evening. But I may at least say that I congratulate Mr. Hansard on the way in which he has carried out a very laborious task. I can sympathise with him in the great difficulties which he must have met with—the difficulties that everybody meets with who attempts to compile a statistical record. There is the difficulty of ascertaining the basis in point of time of an average, the difficulty of ascertaining the points on which an average should be based, the difficulty of ascertaining what is the relative

importance of the variety of closely similar articles that are necessarily put under one head, such as, for instance, to take a very common one, cotton. There are various grades of cotton, not all used to the same extent. How are you to decide what is the average price of cotton? All these difficulties Mr. Hansard has had to face, and, as a result, he has brought out an extremely valuable comparison of the prices of some of the principal articles of our daily consumption. I have taken such an interest in the paper that it has induced me to compile very roughly a table, on which I have marked graphically the fluctuations to which Mr. Hansard has called attention, showing in the first division the rise of stocks and the fall of prices of 15 articles; then the case of the three articles where the stocks have fallen and the prices risen; and intermediately such articles as are not so regular. In still another paper I have attempted to draw up the same information in another way, and have divided these articles into articles of food, clothing, metals, and sundries. The first thing that struck me after the preparation of the first paper was that the dictum of Mr. Tooke, quoted by Mr. Hansard on the second page, is not verified, viz., "that an excess of quantity operates in depressing the prices of commodities generally in a ratio much beyond the degree of that excess." Now Mr. Hansard's paper shows us that the reverse has been the case, and if you look at his table, "Index Numbers," page 22, you will see how that is borne out. Taking his "Index Number" in 1874 at 2,500 for both stocks and prices, the average index number for the decade is for stocks 3,120, and the average index number for prices is 2,286. I will not attempt to go through these articles seriatim, but it is remarkable that in all the main articles of food—sugar, tea, coffee, rice, wheat—there is a marked increase in stocks and a fall in price; and so it is in the principal articles of clothing, and in a marked degree in metals, timber, and coals. I will only call attention to one or two articles. Take cochineal, a very small item; that is an exceptional one, and there are many exceptions in the whole of this table. In this case there are special causes. Cochineal, as you are aware, is a great production of the Canary Islands. The vines were at one time almost destroyed by the vine disease, and the production of cochineal was to a certain extent stimulated. Now the vines are recovered the cochineal is being abandoned, and at the same time chemical discoveries have invented a substitute for the dye furnished by the insect, and consequently there has been a fall in price. As regards meat, it is very difficult to say what is the exact fall or rise in price. There is a difficulty in averaging it. Mr. Hansard has shown that the price of mutton has to some extent increased, and the price of beef decreased. A very able paper read at Montreal by Major Craigie, before the British Association this year, shows that we are consuming relatively more beasts and fewer sheep. Therefore we should have to take into consideration the total consumption of each

before we could say how the average price of meat has varied. But, passing from the tables to wider ground, what is the conclusion we draw from it? Mr. Hansard has told us that the fall in prices is due to over-production, but we must come to the further question—the cause of that over-production. How has it come about, and what does it mean? Are we to think that by stating a rule of three sum starting from the stocks and figures of 1874, and then taking the present stocks and prices, we can take the entire difference as the measure of the loss? I think that is hardly the case, because in a healthy condition of trade prices must always tend downwards. Take the case of a manufacturer having a monopoly of his article. It is clearly the object of such a manufacturer to extend his factory and sell as much as he can on the best terms; but at the same time he will always be trying to make the article more economically. That will set up competition, his profits will be diminished, and he will have to produce still more economically, while at the same time he will try to recoup himself by getting an extended market. That is the struggle always going on in matters of industry where fixed capital is employed in mills and factories, and cannot be shifted as agriculture can be, by the transfer of the farmer and his stock to another country. Therefore production in factories is always going on, and, under the stimulus of invention, factories are constantly being put up notwithstanding the depressed state of trade. I believe that throughout the past ten years that has been the case conspicuously in Lancashire. But in seeking to attain greater economy of production, the manufacturer must consider where he can make a reduction most advantageously. The first reduction to which he will look will be a reduction of wages. An eminent authority on the other side of the water, Mr. Atkinson, of Boston, has estimated that of the whole cost of the manufactured article, not less than 90 per cent. is paid for wages: of the remainder he puts 5 per cent. as interest on fixed capital, and 5 per cent. as profit, available for further production or increase of the capital. If that 5 per cent. margin of profit is trenced upon, the manufacturer will try and get it back out of wages, and the wage earner will have to get what compensation he may in the reduced price. There are always therefore these forces tending to reduce prices, and losses or failing profits must be divided between the profit of the employer and the margin of profit of the employee, because the rate of wages must ultimately be determined by the margin between the bare cost of living and the minimum standard of comfort at which the wage-earner consents to live. But how has the loss, which must have accompanied this fall of prices, been borne? Partly by the manufacturer, no doubt. His margin of profit has, no doubt, been trenced upon. I heard last night a statement from a large employer that he could confidently say that, for the last five years, not more than 2 per cent. profit had been made by the textile manufacturers of England, and the remainder must have been borne by reduced wages.

These, no doubt, have suffered to a considerable extent, and this state of things must entail a continuance of production and a reduction of price which will ultimately in itself attract markets. It is possible that a solution will be found in opening up large markets in unexplored countries. From the conference going on in Berlin there is the possibility of the development of an enormous market in Africa, and I have seen it stated that as soon as the present difficulties between France and China are over, China will be prepared to admit the introduction of railways to a vast extent into that thickly populated empire. Such disturbing causes may give relief to the present state of things, which, if not absolutely disastrous, is pressing hardly every class of the population. I do not say whether it is pressing more hardly on the wage-earning classes than on the manufacturer,—on labour than on capital. It is not for me to prophesy of the future, and perhaps I ought to apologise for speaking on these abstract subjects before a meeting like this. Mr. Hansard has told us that the variation of prices is closely watched by those engaged in business with the view of making profits or avoiding losses. I think we, as bankers, are concerned not simply with the fall of prices, in so far as that we have to watch very carefully the margin of security which we hold from those to whom we have lent money on goods, or warrants, or other documents representing produce or imports; but that our prosperity is most intimately connected with the prosperity of the whole nation for whom we act, and whose trustees, in a great sense, we are.

Mr. HANSARD in reply said: Mr. Hoare in commenting on the paper I have read alleges that there is an increased demand for gold, and also a scarcity for currency purposes, and attributes the fall in prices that I have shown mainly to that cause. But I prefer putting the question at issue another way. That there has been an extraordinary demand for special purposes, *i.e.*, the formation of a gold currency for Germany, Italy, and the United States. It is true I took Mr. Goschen's estimate of 200 millions for that purpose, but bear in mind it is an estimate only; and in arriving at the total of 200 millions Mr. Goschen estimated the amount absorbed by the United States during the last ten years at 100 millions, whereas Mr. H. C. Burchard, the Director of the United States Mint, according to the *Economist* of 15th December, 1883, only estimated the amount of gold added to the circulation of the States during that period as £80,000,000. I am quite ready to admit that there has recently been a diminution in the supply of gold from Australia, and from the mines generally; but I cannot admit that we have experienced any scarcity of gold for our ordinary requirements of currency, which it seems to me is the only way in which gold can cause a depreciation in the price of commodities. The only way in which prices can be affected by gold, is by the ratio of a gold currency to a given number of mercantile transactions being altered; but that is with the usual proviso

of other things being equal, and it is quite possible that an unusual demand for gold may be satisfied by expedients economising its use. Mr. Gray's remarks afford some clue to the manner in which the exceptional requirements for gold have been met. In the figures which Mr. Gray has given he shows that the issue of notes by the Bank of France in 1870, and before the war, was only £9,000,000 in excess of specie, whereas in 1873 it was £91,000,000, a difference of £82,000,000, and it appears to me that by far the larger part of the gold required by Germany for coinage purposes was obtained from France, and that the actual currency in France was not so much increased, but the extra issue of notes took the place of gold formerly in circulation, thus economising its use. It is true that Mr. Gray mentioned that this large increase of notes by the Bank of France has been considerably reduced of late years, but he does not tell us what the proportions of gold and silver were in 1870 in the French notes issued against specie. France has a double standard, and according to the report of the Bank of France issued in March, 1883, the cash reserve held at the end of 1882 was 2,042 millions of francs, of which 954 millions was gold only, and 1,087 millions silver. I must also point out that during the last ten years there has been an economy in the use of gold, owing to the increase and more extended use of banking facilities. This was shown by Mr. Newmarch in the *Bankers' Magazine* in 1879, and by Mr. John Biddulph Martin in a paper read before this Institute in 1880. During the last ten years banking has been carried to a class who formerly used gold coin for making their ordinary daily payments, and now the same class of people use cheques. Not only has this happened in this country, but it is the case abroad. Within the last few years the clearing system has been inaugurated in France, and the use of both notes and coin is being economised. Mr. Hoare took exception to my regarding the low rate of discount prevailing here as an indication that there is no scarcity. But I would remind him that in this country we have a single standard of gold only, and if there had been any pressing demand I cannot but think it would have exhibited itself in higher rates here. The rate of interest, it is true, is no guide to the "exchangeable value" of gold, but the rate of interest is a guide in a single gold standard country to the demand for gold for currency purposes, through which prices are affected. The argument that the rate of interest in India is higher than here hardly applies, as India uses silver, and is not a gold-using country, excepting for the purposes of ornament. In India the rate of interest is different, owing to the securities there, as compared with European countries or the United States, not being of so reliable a character. By far the larger part of the advances are made upon plantations or produce, the value of which fluctuates considerably, and are more hazardous than the securities dealt in on Western markets. In Colonies, such as

Australia and New Zealand, the same influence affects the rate of interest, but to a minor extent. Mr. Brett, in an interesting paper read before this Institute in 1882, stated that in Australia the rate allowed for deposits for three months was tolerably uniform at 3 per cent., and 5 per cent. for twelve months, and he also added that the orthodox British banker would be startled when told, two-thirds of the 75 millions sterling of debts due to the banks are upon so-called pastoral advances, such as the flocks and herds of the squatters or stockholders, or the growing wool on a sheep's back. Mr. Hoare has also noticed the fact that in giving the imports and exports of bullion I have omitted the consideration of the consumption of gold bullion for ornamental purposes. But no accurate statistics of gold applied in this manner can be given, and the amount can be nothing but conjecture. Whatever it may be, I take it that, even after deducting a liberal allowance for that purpose, the net amount would not show there had been any strain upon our gold circulation. Mr. Crickmay suggested that I should attribute the fall of prices to over-importation. It is quite possible that the fall has been so caused; but I prefer resting the cause of the fall on the wider term "over-supply," as my table of stocks includes articles produced here, such as iron, coals, &c. Whether over-supply has been caused by over-importation generally, or from the demand having fallen, I am not prepared to say. It is too large a question to discuss fully at the present time, but in support of his view it certainly is remarkable how the proportion of imports has increased, as against the exports in the statistics given. Mr. Crickmay also referred to the question of wages, which is far too wide a subject to enter upon now. I will merely remark that this morning I received two letters from boot and shoe manufacturers: one from Leicester, where ladies' boots and shoes are made, stating that since 1874 wages are much the same; the other from Northampton, where men's boots and shoes are made, that wages since 1874 are much the same, except in the cutting-out department, in which they have risen 15 per cent. Mr. John B. Martin called attention to the quotation from Mr. Tooke respecting supply and demand given in the early part of my paper. It certainly is worthy of note that Mr. Tooke's proposition does not appear to have been carried out. But in looking at the index numbers of stocks and prices you must bear in mind that the question of increased consumption has not been taken into account. It was only in reviewing the list of commodities that I gave the consumption of some few. Mr. Gray concluded his remarks by reminding us that low prices are a very great benefit to the consumer, and of course that is so. In a short period like this it is impossible to allude to each branch of any subject in the manner I would wish, but I briefly noticed this on the last page in speaking of the appreciation of gold. I have only now to thank you for the patient manner with which you have listened to what I fear is an unduly long paper.

THE CONVENTION OF THE AMERICAN BANKERS' ASSOCIATION, 1884.

THAT the Association of American Bankers should have met for the second time in succession at the gayest pleasure-haunt of America in the very height of its gayest season, might give occasion for captious remark, did not the record of its doings prove it to be superior to the seductions of its local surroundings. The published "Proceedings" of the Convention furnish, in 116 closely printed pages, ample evidence of the amount of work done on the 13th and 14th of August, and at the same time a mine of information to all who are interested in studying either the existing conditions of American banking, or the aspect under which abstract questions of currency and finance present themselves to the professional mind on the other side of the Atlantic. The Convention could not complain of any lack of materials for discussion to its hand: the natural course of events, and more especially the events of May last, had supplied it with ample subjects for consideration. The topics enumerated by the President, Mr. Lyman J. Gage, of Chicago, as specially those "upon which we should gain wise and just views, and to procure the proper settlement of which our judicious influence should be exerted"—viz., the National Debt, taxation, coinage laws, the currency of the future, bankruptcy legislation—will be recognised as identical with those which have engaged the attention of our own Institute. At the same time the events of the Wall Street panic in May last compelled the attention of the President to measures conducive to the prevention and cure of panics, which he formulated under two heads, viz.:

- 1.—The maintenance, in all ordinary times, of adequate cash reserves.
- 2.—A liberal use of the cash reserves in time of panic by judicious loans.

Few will dispute the abstract soundness of these propositions, whose bearing, however, lies in the application of them, for the maintenance of an adequate cash reserve must perforce be attained by a certain abstention from lending, and the precise point at which this policy should be reversed, the point at which stringency ends and panic begins, is one to be decided in every case as occasion shall arise. It may be doubted whether in point of fact "an absurd usury law takes away the power of control over the reserve, which an elastic rate most effectually furnishes," and whether the Bank of England enjoys power to protect its reserves by

an enhanced rate to an extent sufficient to cause any wide divergence of practice on one side of the water or the other ; else we on this side are misinformed as to the meaning of the "commission," in addition to the maximum rate of interest, charged by the New York banks in time of pressure. That the New York banks had recourse during the recent panic to the remedy of liberal lending under the system of Clearing House certificates is well known, and their action on that occasion has already occupied the attention of the Institute (Mr. Barnett's Paper, "On the action of the New York Clearing House Association during the recent panic," *Journal*, November, 1884.) We may pass on to what the President justly styled "another subject daily growing in importance. I refer to what is known as the silver question."

This question furnished also the basis of the first resolution reported for action by the Executive Council, and passed at the Convention :—

1. Resolved, That it is the sense of the American Bankers' Association that the coinage of the standard silver dollar of 412½ grains is against the welfare of the country, and that they recommend to Congress a discontinuance of such coinage."

and it was the subject of several addresses to the Convention. Mr. Geo. A. Butler, of Newhaven, denounced as "a class dangerous to the world in its financial interests" the silver mono-metallists "who are to-day forcing silver on this country," and the addresses of the Hon. W. S. Groesbeck, of Cincinnati, of Mr. Geo. S. Coe, of New York, and of Mr. Jos. Patterson, of Philadelphia, were couched in a similar strain. The American Bankers' Association may, at least, be assured of the sympathy with which their fellow-craftsmen on this side will regard their efforts to emancipate themselves from the dangers of a vicious system of silver currency to which they appear in jeopardy of being sacrificed.

Not less important is the subject matter of the second resolution reported by the Executive Council to the Convention, and adopted :

2. Resolved, That in view of the fact that the Articles of Association of the National Banks of the country are rapidly expiring without sufficient inducement for renewal, owing to the constantly diminishing amount and high price of Government bonds, upon which the bank circulation is based, thus threatening a serious curtailment of the currency of the country ; and since a bank-note circulation, absolutely secured and issued under ample safeguards for its redemption on demand in coin, is necessary for the convenient transaction of the business of the country, and such condition can be best provided through the continued operation of the National Bank Act, as has been attested by the experience of the last twenty-one years, the attention of the Congress of the United States be urgently called to the necessity of immediate legislation to meet this important emergency."

The difficulty in which the National Banks would be placed when the revived credit of the United States caused a serious diminution in the interest rate of the National Debt has long been obvious, and was brought before the notice of the Institute of Bankers nearly five

years ago (Vol. I., 1879-80, pp. 331-2). This difficulty is now imminent, and in the words of Mr. Coe—

"We may look forward to so early an extinction of the debt as to compel a radical change in the existing currency. In fact, the demand for the bonds has already advanced the price to a point where it has ceased to be an object to secure it for deposit for currency. The game is now not worth the candle."

The address of Mr. William P. St. John, of New York, on the Potter Refunding Bill, by which is proposed

"a bond at $2\frac{1}{2}$ per cent., with a tax-reduction equivalent to $\frac{1}{10}$ per cent., or a net return of $2\frac{1}{10}$ per cent. per annum from the bonds, almost the like earning power for note-issue therefore, but with freedom from Treasury calls assured for twenty-three years to come,"

is worthy of careful study by all who wish to master the exact position of the National Bank issues at the present time.

More than one address was called forth by the panic of May on the subject of safe banking, and the dangers of the centralisation of bank reserves in New York was pointed out in more than one paper. The suggestion of Mr. B. B. Comegys, of Pennsylvania, that

"a bank shall not be permitted to count as part of its reserve any cash outside of its own vaults, except when the associated banks in a city make one of their number a depository for all,"

is one that might find an echo on this side of the water. His further suggestion that

"a credit ledger be opened in the Clearing House of any city, in which shall be kept a record of the names of payers and endorsers, amounts and maturities, of all bills of \$1,000 and upwards, held by the various banks, which have been bought from brokers,"

for their common guidance, would probably be defeated by the disinclination of any bank taking a large "line" to show its hand even to its associates in the Clearing House. The elaborate paper by Mr. E. K. Olmsted, of New York, on "The Law of Negotiable Paper," is specially notable, as enlightening us as to the infinite variety of the regulations affecting, in each sovereign State, every phase of the existence of Bills of Exchange. Mr. Olmsted's opening sentence,

"Notwithstanding the intimate political union of these States, their commercial law is of a character distinctly opposite, in many particulars, well typified by the adjudged fact that a Bill of Exchange, drawn in New York upon a bank across the river in Jersey City, must be treated as a *foreign bill*,"

prepares us for the information that the definition of a "negotiable instrument," its negotiability, the medium of payment, the certainty as to time of payment, grace on sight drafts, statutes of limitation, contract of indorsement, damages upon protest, rate of interest after maturity, &c., &c., vary infinitely under the laws of the various States. It would seem as if an Act of Codification of the law of Bills of Exchange in the United States would be a labour of Hercules as compared to the child's play of the one on which we have recently so much prided ourselves.

It is impossible to dismiss this interesting Report of the Convention without acknowledging the appreciative terms in which the Institute of Bankers is more than once mentioned. The American Association can boast of an existence longer than our own. It is specially alluded to in Mr. Gage's Presidential Address, who speaks of our Institute in the following words:—

"It embodies ideas and cherishes aims quite similar to our own. Its membership is superior to our own in numbers, and embraces in its list the most prominent names in English finance. . . . The field covered by the London Association and marked out for occupation by our own, includes some of the most delicate and complex relations developed in a high civilization."

A paper was read before the Convention by Mr. J. J. P. Odell, of Chicago, on the subject of our Institute, and the American readiness of the Association to take up useful ideas wherever found, and to learn of the younger institution any lessons that it could give, was shown not only by the suggestion of the President that the American Association too should aim at the formation of a library of literature on banking and currency, but also by the resolution adopted by the Conference:—

"That an auxiliary membership, to be called associate members, shall be established, the qualifications of which shall be,—1st, services in any bank or banking establishment for a period of five years; 2nd, passing an examination upon such subjects as shall be prescribed by the Executive Council."

It will be the cordial hope of all members of our Institute that this approximation in character of the American organisation to our own will be attended by the happiest results to the two great closely-allied confraternities on either side of the Atlantic.

THE LATE FINANCIAL CRISIS IN THE UNITED STATES.

In the report of the Comptroller of the Currency recently published some particulars are given of the panic that arose in New York in May last. Mr. Barnett's paper on "The Action of the New York Clearing House Association during the recent crisis" will be fresh in the memory of readers of the *Journal*, and may be supplemented with further details taken from the above source. These have reference more particularly to the subsequent disclosures as to the condition of the National banks so disastrously involved.

"The most notable National bank failure of the year in the United States was that of the Marine National Bank, of the city of New York, which closed its doors about 11 a.m. on the 6th of May

The bank examiners of the city of New York immediately took possession of the bank and found that it had been indebted to the clearing house that day in the sum of \$555,000. The examiner also found the account of one firm overdrawn on the books of the bank to the amount of \$766,570.14. Upon further examination it was found that this firm owed a total of about \$2,430,500 being more than six times the capital of the bank. A portion of this indebtedness was in the names of other parties—clerks in their office and relations of one of the firm. How far the officials of the bank are criminally responsible for these matters is a subject now under investigation in the courts. The Comptroller finds from the report of the examiner that this firm had three different accounts with the bank—a private account of a member of the firm, a general account and a special account. It appears, from an examination of the transcript of these accounts, that on May 5 their special account was overdrawn by certified cheques \$383,402.07, and that on the same day their general account was also overdrawn. It is apparent, therefore, that the bank had violated the law in regard to certifications by permitting these overdrafts. It is claimed, however, by the officers of the bank that these certifications were made against securities which were subsequently obtained from the bank by one of the firm upon his representations that he had obtained a loan upon them elsewhere, and would make good his account. A further examination of the various accounts of the firm shows that while the certification of their checks was carried on to an enormous extent, they also made very heavy deposits from day to day, and it will, perhaps, be very difficult to furnish evidence proving conclusively that the checks were certified before the deposits were made.

“An examination of the minutes of the board of directors of the bank shows that on the 11th day of April, 1884, twenty-five days before the failure of the bank, the committee of examination appointed by the board of directors reported that they had examined the securities, counted the bills and specie, and examined the balances on the ledgers of the bank, and found the recorded statement of the 7th of April, 1884, to be correct. The minutes further show that the directors were in session about an hour before the bank closed. They apparently had no suspicion of the state of its affairs, and voted to discount certain offerings of commercial paper; and within half an hour after the adjournment of this meeting the bank closed its doors. It would seem, therefore, that the board of directors was grossly deceived as to the true state of affairs.

“In this connection I desire to state that the records of the Comptroller's office show that many of the transactions of the Marine National Bank of the city of New York have been looked upon with disfavor, and that the association had been frequently reprimanded for irregularities during the past few years. None of the reports of examinations of the bank made to this office, however, disclosed any

violations of the law forbidding the over-certification of checks, or gave the Department any adequate idea of the dangerous character of its loans, and this is not surprising, the directors of the bank having been equally deceived in regard to the situation.

"After reviewing the information in his possession, it seems to the Comptroller that the failure of the Marine National Bank is in consequence of the board of directors having chosen for their president a man who was willing to risk his own honor and the funds of the bank in speculation. He joined with himself another, who is now in Ludlow Street jail under indictment, and who was also a member of the board of directors of the bank. While it is true that the final failure has shown that there were over-certifications on the last day, the Comptroller judges from the information which he has received, that the bank had been for a long time in the power of the firm to whom the certifications were granted, through the president's co-partnership. This matter was carried to the extent of permitting one of the firm to have access to, and apparently free disposal of, the securities left as collateral to his loans, and, so far as actual results are concerned, he might as well have had the combinations of the cash vaults of the bank and helped himself to their contents.

"The Metropolitan National Bank suspended and closed its doors about noon on May 14, and opened again for business at 12 o'clock on the following day, the bank examiner remaining in charge of the bank during its suspension. He also remained at the bank during the first days of its resumption, and has frequently visited it since, and forwarded reports as to its liquidation of deposits. Before permitting the bank to resume business the Comptroller received assurances from the examiner that the bank was solvent, and also received telegrams from the president and chairman on loans of the New York Clearing House, stating that in their opinion the bank was solvent and should be permitted to resume. The bank is now closing its affairs, having arranged to pay its depositors in full and gone into voluntary liquidation under sections 5220 and 5221 of the United States Revised Statutes.

"It is difficult to determine, in the case of this bank, what brought about its suspension. From the information which the Comptroller has, however, it appears that the president of the Metropolitan National Bank had the credit, at least, of being a very large speculator. He was supposed to be a man of very large means and was interested in many enterprises which required the use of large sums of money. The general liquidation in railroad and other securities which has been going on for the past two years had no doubt affected the properties in which the president was interested, and the public having become suspicious, and apparently believing that he was a large borrower from the bank, and had loaned money to parties who were interested with himself, all of whom were assumed to have lost largely by this depreciation of property, rumors were circulated which

excited distrust and suspicion against his bank and caused the run upon it which resulted in its suspension. Reports of examinations do not disclose any over-certification of checks, and I cannot conclude that irregularities of this kind had anything to do with bringing about the suspension.

"The Metropolitan National Bank was examined on April 28, 1884. The examination disclosed certain irregularities, and a letter was promptly written to the bank, requiring the correction of the irregularities, and forbidding the declaration of any further dividends until this had been done. While this letter was acknowledged, the matter was pending at the time of the suspension of the bank.

"The trouble at the Second National Bank of the city of New York grew out of a defalcation amounting to \$3,185,000 by the president of the bank. The amount of this defalcation was immediately guaranteed and the money paid in by the directors. Owing to this prompt assistance the bank did not suspend, and is going on with its business in a solvent condition. As far as this office is advised, the president used the money in speculations in Wall Street, and was able to conceal the fact of his misappropriation of the funds of the bank on account of the securities being kept in a vault located at some distance from the regular banking rooms, which are on the corner of Twenty-third Street and Fifth Avenue. It appears that the president had access to these securities without check or hindrance, and used them to obtain money for his own private speculations.

"In the matter of the failure of the Marine National Bank of New York, and the defalcation at the Second National Bank of New York, it appears from the information on file in this office that there have been not only irregularities, but violations of section 5209 United States Revised Statutes. The United States district attorney at the city of New York is in communication with the national bank examiner and the receiver of the Marine National Bank in regard to these matters, and the facts, which have been submitted to this office, the Comptroller has formally transmitted to the Attorney-General of the United States through the Secretary of the Treasury."

The Comptroller's Report will be further noticed in the February number of the *Journal*.

STAMP DUTY ON REPAYMENT OF DEPOSITS,

IN view of the difference of opinion that prevailed on the subject, the Secretary was instructed to write the following letter to the Commissioners of Inland Revenue :—

December 4th, 1884.

GENTLEMEN,

I am instructed by the Council of the Institute of Bankers to ascertain whether any stamp is required on bankers' deposit receipts when the amount is repaid to the depositor on his simple indorsement. The form of deposit receipt contemplated in this inquiry is as follows :

| | | |
|-------------------|---|---|
| Not Transferable. | | " CORNHILL BANKING CO., LIMITED, London, Dec. 4th, 1884. |
| | £100. | |
| | Received from Mr. John Jones the sum of One Hundred Pounds sterling, to the credit of his deposit account with the Cornhill Banking Co., Limited. | |
| | Ent ^d . CHAS. ROBINSON, Accountant." | JOHN SMITH, Manager. |

When the depositor requires the return of his £100 he presents the receipt at the bank simply indorsed "John Jones," and the question at issue is whether he must also affix a penny stamp, the document itself being exempt from Stamp Duty under the 33 & 34 Vict., c. 97.

Requesting the favour of a reply,

I am, Gentlemen,

Your obedient Servant,

(Signed) W. TALBOT AGAR,
Secretary.

The Commissioners of Inland Revenue.

The following reply has been received :—

" Inland Revenue,
Somerset House,
London, W.C.,
17th December, 1884.

SIR,

The Board of Inland Revenue have had before them your letter of the 4th instant.

They desire me to point out that the signature of the name of the depositor indorsed on the deposit receipt delivered to the bank imports an acknowledgment that his claim or demand for the sum deposited has been settled by payment of the money to him, and is therefore a "receipt" within the terms of section 120 of the Stamp Act, 1870.

The exemption of the deposit receipt from Stamp Duty has reference only to the transaction on the deposit of the money. The receipt given by the depositor to the bank is liable to Stamp Duty.

I am, Sir,

Your obedient Servant,

W. Talbot Agar, Esq.

(Signed) W. W. COUSINS.

MISCELLANEA.

CLEARING HOUSE RETURNS.—The following letter has been received :—

SIR,

It has been usual hitherto to issue the Clearing House figures to the 1st of May, at which date the publication originally commenced, but it has been suggested that it would be more convenient to have them made up to December 31st of each year. I therefore beg to forward you the subjoined Statistics, showing the working for the Eight Months ended on the 31st December, 1884 :—

| Total for the Eight Months. | On Fourths of the Month. | On Stock Exchange Account Days. | On Consols Settling Days. |
|-----------------------------|--------------------------|---------------------------------|---------------------------|
| £ 3,796,481,000 | £ 153,863,000 | £ 629,230,000 | £ 175,292,000 |

Messrs. Derbyshire & Pocock, the Inspectors of the Clearing House, have been good enough to prepare for me the above figures, which will, I think, be interesting to many of your readers.

I am, Sir,

Your obedient Servant,

JOHN LUBBOCK,

Hon. Sec. London Bankers.

15, LOMBARD STREET,
1st January, 1885.

IMPERIAL BANK OF GERMANY.—DEPOSIT OF SECURITIES.—Notice has been issued to the effect that the Imperial Bank of Germany will, from the 1st of January, 1885, raise the charge for taking care of securities issued abroad to $\frac{1}{2}$ per mille from the present rate of $\frac{3}{16}$ per mille of the nominal amount.*

COUNCIL OF ADMINISTRATION OF THE OTTOMAN PUBLIC DEBT.—The following notice has been issued :—

"The Council of Administration of the Ottoman Public Debt, being charged on behalf of the Imperial Government with the Administration of the stamp-law, begs hereby to call the attention of the Public, and more especially of establishments having banking or other commercial relations with Turkey, to the provisions of the Ottoman law which subject to stamp-duty all bank or commercial drafts, bills of exchange, cheques, promissory notes to order, etc., etc., issued or put into circulation in the Ottoman Empire, and made payable either within the limits of the Empire or in Foreign countries.

Such bills or promissory notes should be drawn up on stamped paper, or provided with an adhesive stamp proportionate to their value, in conformity with the provisions of Art. III. of the stamp-law.

* *Vide* Vol. V., p. 156.

Particular attention is called to the penalties for any contravention of these prescriptions set out in Art. XXVIII. of the law, which provides that :

All bills of exchange and negotiable paper, commercial or otherwise, which are not drawn up on stamped paper, or which have not an adhesive stamp affixed to them, forfeit the advantages of the guarantee established by Articles 76 and 78 of the Ottoman Commercial Code. All the endorsers are thus relieved from every responsibility for their endorsement, and the holder of the bill can have no recourse against any of them in case of non-acceptance or non-payment. The drawer alone is responsible towards the holder, and that only if he cannot prove that he had made due provision for his draft.

Discount houses, and bankers who discount bills drawn from Turkey will therefore observe that all signatures on an unstamped draft, etc., with the exception of that of the drawer, are irresponsible, and that if the drawer can prove due provision to have been made, the document bears no responsible signature whatever in case of non-acceptance, and if accepted, only that of the drawee."

MOVEMENTS OF GOLD.—The following table appeared in the *Times* of December 31st, 1884 :—

The following figures, showing the balance of the movements of gold on foreign account in 1884, are compiled from the daily reports made by the Bank of England. The results of the imports and exports of the metal for ten years are also subjoined:—

| Month. | Received. | Withdrawn. |
|------------------|------------|------------|
| January | — | £1,499,000 |
| February | £108,000 | — |
| March | 2,491,000 | — |
| April | 1,104,000 | — |
| May | 466,000 | — |
| June | — | 546,000 |
| July | — | 619,000 |
| August | — | 449,000 |
| September | — | 392,000 |
| October | — | 1,191,000 |
| November | — | 38,000 |
| December | 276,000 | — |
| | £4,445,000 | £4,734,000 |
| | | 4,445,000 |

Showing a balance exported for the year of ... £289,000

Result of the influx and efflux of gold for the ten years, 1875–84:—

| Year. | Received. | Withdrawn. |
|-------------|-------------|-------------|
| 1875 | £1,681,000 | — |
| 1876 | 5,534,000 | — |
| 1877 | — | £6,088,000 |
| 1878 | 6,039,000 | — |
| 1879 | — | 4,662,000 |
| 1880 | — | 2,911,000 |
| 1881 | — | 2,674,000 |
| 1882 | 2,577,000 | — |
| 1883 | 899,000 | — |
| 1884 | — | 289,000 |
| | £16,730,000 | £16,624,000 |
| | 16,624,000 | |

Showing a surplus of £106,000 imported in the ten years over the exports.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.*

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved:—

Bill of Exchange—Liability of Collecting Bank.

QUESTION 301.—A bill at sight payable abroad, drawn against a bill of lading and to the order of A. & Co., bankers, London, was paid in to them in the ordinary course for collection. It was sent out by them through a bank which subsequently suspended payment, whose agents received the money and gave up the bill of lading. These agents, being creditors of the suspended bank, appropriated the amount as against their claim, and A. & Co. repudiate their liability on the ground of the notice in their pass-books, which was as follows:—

“All Cheques, Notes, or Bills, sent into the country or abroad for collection will be credited only upon advice of payment. No charge is made for collection, and the bank will not be responsible for any loss that may occur by delay or otherwise in transmission or collection.”

Were A. & Co. justified in so doing?

ANSWER: They were.

Paid Cheque—Cancelling Signature.

QUESTION 302.—Is it legally necessary that the *signature* of the drawer of the cheque or acceptor of a bill should be *canceled by running a pen through* when such cheque or bill is paid by the bankers where they are payable, or would it be considered a sufficient cancelling if the bankers stamped their name with date anywhere on the face of such cheque or bill, or simply wrote the word “entered” and the date on the face?

ANSWER: There is no legal enactment compelling a banker to cancel a signature in the manner first suggested, but it is customary to do so.

* The Council hope in the course of the year to publish, with an Index, a collection of the Questions contained in Vols. I.-V. of the *Journal*; and which subject to the necessary revision, amount to about 300.

Drafts discounted prior to acceptance.

QUESTION 303.—A customer has a cash credit. His drafts are discounted prior to acceptance. Is the banker, when these are returned unaccepted, entitled to debit them to the customer's account when the balance is Dr. and when the bills are still current, and how would the bank stand in such circumstances in regard to bankruptcy and the surety?

ANSWER: By the *Bills of Exchange Act*, 1882, clause 48, sec. 2, immediate right of recourse accrues to the holder of a bill dishonoured by non-acceptance. The banker is, therefore, justified in debiting the amount at once to the customer, and unless there were other circumstances affecting the matter he would incur no liability by so doing.

Deposit Receipts—Conditions.

QUESTION 304.—It is the practice of some banks to affix a penny receipt stamp to deposit receipts bearing a stipulation, as, for instance, to those repayable to "either or survivor." Is this necessary, and why?

ANSWER: This is not a general practice, and is not necessary.

Bills of Exchange Act, s. 60—Cheque with Conditions.

QUESTION 305.—Some Trading Companies and Railway Companies draw on their bankers in the following forms:—

"The Central Railway Company,
"Jan. 1, 18—.

"I am instructed to forward you the accompanying cheque upon the Eastern Bank, who will pay the same on presentation through a banker, the receipt being duly signed and dated.

"JOHN SMITH, Secretary."

"The Eastern Bank, Limited.

"Pay to the order of William Jones the sum of ten pounds, provided the receipt on the other side is duly signed and dated.

"£10.

"JOHN GIBBS, Director."

If a banker paid on the above on a forged receipt or unauthorised discharge, would he be protected by clause 60 of the *Bills of Exchange Act*, 1882, seeing that subsection 8 defines a bill of exchange to be an unconditional order to pay?

ANSWER: We think the banker would not be protected.

Receipt Stamp.

QUESTION 306.—Would such receipt as described in the last question require a stamp?

ANSWER: It would, as such discharge is to the debtor, and not to the bank ordered to make the payment.

Insufficient Endorsement—Liability of Banker.

QUESTION 307.—A cheque drawn by A. on banker B., payable to the St. Michael's Insurance Company, or order, is presented to B. by the local agent for payment. It is endorsed "John Smith, agent for Downham." The bank pays the cheque. The agent fails before accounting to the insurance company for the amount. Can the insurance company compel the bank to pay them the amount in question, on the ground that the cheque should have been endorsed by them? If the cheque had been endorsed "*Per pro* the St. Michael's Insurance Company, John Smith, agent," would that alter the case?

ANSWER: *The first form of endorsement* would not be sufficient, but the second would be considered so. See Vol. V., p. 383, Question III.

Partnership Account—Payment to Survivor.

QUESTION 308.—A. B. & C. have an account with their bankers in the name of A. & Co. When the account was opened it was arranged that cheques should be signed by all three partners. Upon the decease of C. intestate, would the bank be justified in paying the balance of the account upon the signature of the survivors, or would the signature of the administrator be necessary?

ANSWER: The bank would be justified in paying to the survivors in the case of a joint account on proof of death.

Cheque—Second Endorsement.

QUESTION 309.—A cheque payable to "W. Bird, Esq., or order," was endorsed "W. Bird, pay the order of Mrs. J. S. Fooks." Is not the fact of W. Bird's endorsement being above the further instructions sufficient discharge to the paying banker, or are the bankers justified in returning the cheque with the answer, "Second endorsement required"?

ANSWER: We think the drawee would be justified in returning the cheque.

Deposit Receipt—Form and Stamp.

QUESTION 310.—What is considered to be a correct form for the reverse side of a deposit receipt, and does the receipt require stamping on payment under any circumstances? If so, when?

ANSWER : A deposit receipt need have no specific form on the reverse. It is the practice of some banks to print a form of discharge at the back of their deposit receipts in the shape of a cheque, which necessarily requires a penny stamp.*

Statute of Limitations—Bankers' Bonds.

QUESTION 311.—Are sureties' bonds to bankers barred by the Statute of Limitations, and when? (Previous to the Act of 1857 it was understood they were not until 20 years had expired since the last transaction thereon.)

ANSWER : Bonds under seal given to bankers as security are barred after 20 years from the date of the last credit on the customer's account.

* See *ante*, p. 60.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = \$1,000,000.

| For the weeks } ending } | 1884. Dec. 3. 1 | 1884. Dec. 10. 2 | 1884. Dec. 17. 3 | 1884. Dec. 24. 4 | 1883. Dec. 26. 5 |
|--|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF ENGLAND. | | | | | |
| ISSUE DEPARTMENT. | | | | | |
| Notes issued | £ 35,103 | £ 35,678 | £ 35,856 | £ 35,534 | £ 36,695 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 19,353 | 19,928 | 20,106 | 19,784 | 20,945 |
| | 35,103 | 35,678 | 35,856 | 35,534 | 36,695 |
| BANKING DEPARTMENT. | | | | | |
| LIABILITIES. | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Res. | 3,088 | 3,093 | 3,099 | 3,109 | 3,074 |
| Public deposits | 5,791 | 6,364 | 7,316 | 8,412 | 8,984 |
| Other deposits | 23,369 | 22,874 | 23,360 | 21,910 | 21,789 |
| Seven day and other bills..... | 156 | 175 | 163 | 146 | 152 |
| Total..... | 46,957 | 47,059 | 48,491 | 48,130 | 48,552 |
| ASSETS. | | | | | |
| Government securities | 13,412 | 13,163 | 13,163 | 13,163 | 14,463 |
| Other securities..... | 22,351 | 21,779 | 22,852 | 23,450 | 21,764 |
| Notes | 10,368 | 11,234 | 11,644 | 10,800 | 11,704 |
| Gold and Silver coin | 826 | 883 | 832 | 717 | 621 |
| Total..... | 46,957 | 47,059 | 48,491 | 48,130 | 48,552 |
| Notes in the hands of the Public..... | 24,735 | 24,444 | 24,212 | 24,734 | 24,991 |
| Reserve | 11,194 | 12,117 | 12,476 | 11,517 | 12,325 |
| Proportion of reserve to liabilities (per cent.)..... | 38.18 | 41.19 | 40.45 | 37.80 | 39.35 |
| Rate of discount | 5 ½ | 5 ½ | 5 ½ | 5 ½ | 3 ½ |
| RATES OF EXCHANGE ON LONDON. | Dec. 4. | Dec. 11. | Dec. 18. | Dec. 24. | Dec. 27. |
| Paris, cheque— (par £1=25f. 22½ c.) | 25.32½ | 25.34 | 25.30½ | 25.32 | 25.17 |
| Berlin, 8 days— (par £1=20m. 43 pf.) | 20.46½ | 20.47½ | 20.43 | 20.43 | 20.36 |
| New York, 60 days— (par £1=\$4.867) | 4.81½ | 4.81 | 4.81 | 4.85 | 4.81½ |
| Calcutta, 4 m/d— (per rupee)..... | 1s. 7¾d. | 1s. 6¾d. | 1s. 7d. | 1s. 7¼d. | 1s. 7¾d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1884. Dec. 4. 1 | 1884. Dec. 11. 2 | 1884. Dec. 18. 3 | 1884. Dec. 25. 4 | 1883. Dec. 27. 5 |
|--|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF FRANCE. | | | | | |
| (Converting the franc at 25 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Public deposits | 4,856 | 5,524 | 6,015 | 6,408 | 3,609 |
| Private deposits | 14,335 | 13,887 | 13,608 | 13,565 | 18,372 |
| Notes in circulation | 115,111 | 114,274 | 114,537 | 114,341 | 117,871 |
| Other items | 12,706 | 12,729 | 12,911 | 12,751 | 12,611 |
| Total..... | 147,008 | 146,414 | 147,066 | 147,065 | 152,463 |
| ASSETS. | | | | | |
| Gold | 41,262 | 40,934 | 40,704 | 40,578 | 38,433 |
| Silver | 41,278 | 41,228 | 41,312 | 41,375 | 40,091 |
| Bills | 34,522 | 34,900 | 35,731 | 35,129 | 43,269 |
| Advances | 17,395 | 17,351 | 17,410 | 17,476 | 18,482 |
| Other items | 12,551 | 12,001 | 11,909 | 12,507 | 12,188 |
| Total..... | 147,008 | 146,414 | 147,066 | 147,065 | 152,463 |
| Rate of discount..... | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 37,278 | 36,621 | 36,859 | 38,099 | 36,853 |
| Current accounts | 13,080 | 12,657 | 12,209 | 11,878 | 11,518 |
| Other items | 7,049 | 7,053 | 7,131 | 7,093 | 7,031 |
| ASSETS. | | | | | |
| Coin and Bullion | 27,877 | 27,852 | 27,784 | 26,901 | 28,817 |
| Bills and Loans | 24,796 | 23,511 | 23,426 | 25,644 | 22,764 |
| Other items | 5,214 | 5,522 | 5,418 | 4,945 | 4,076 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

| For the weeks } ending } | 1884. Nov. 8. 1 | 1884. Nov. 15. 2 | 1884. Nov. 22. 3 | 1884. Nov. 29. 4 | 1883. Dec. 1. 5 |
|---|-----------------------|------------------------|------------------------|------------------------|-----------------------|
| NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £). | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 2,560 | 2,448 | 2,342 | 2,328 | 3,079 |
| Net deposits | 63,417 | 65,071 | 65,177 | 65,165 | 63,408 |
| ASSETS. | | | | | |
| Loans and discounts | 58,057 | 58,310 | 57,708 | 57,103 | 65,149 |
| Specie | 16,033 | 16,471 | 16,874 | 17,054 | 11,626 |
| Legal tenders..... | 6,658 | 7,292 | 7,469 | 7,690 | 5,465 |
| Legal reserve (being one-fourth of net deposits) | 15,854 | 16,268 | 16,294 | 16,291 | 15,852 |
| Reserve held (consisting of specie and legal tenders)..... | 22,691 | 23,763 | 24,343 | 24,744 | 17,091 |
| Surplus..... | 6,837 | 7,495 | 8,049 | 8,453 | 1,239 |
| | 1884. Dec. 5. | 1884. Dec. 10. | 1884. Dec. 17. | 1884. Dec. 24. | 1883. Dec. 26. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ |
| Clearing-house returns..... | 125,365 | 92,456 | 117,437 | 97,505 | 69,847 |
| Average price of wheat | 30s. 5d. | 30s. 10d. | 30s. 10d. | 31s. 5d. | 39s. 2d. |
| Price of consols..... | 99½ | 99½ | 99½ | 99½ | 100½ |
| Bar silver, fine, per oz. standard.. | 49½d. | 49½d. | 49½d. | 49½d. | 50½d. |
| 3 % French Rentes | 79½d. | 79½ | 78½ | 78½d. | 75½d. |

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A few Remarks in reference to Current Questions,

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CONTENTS:

CHAPTER I.—Telegraphic Transfer of money: Some methods of dealing with Telegraphic Transfers: Objections to the proposed methods: Letters in the *Statist*: Telegraphic Transfers—Cash transactions: Till Money.

CHAPTER II.—Income-Tax—Preliminary remarks: Action of the Board of Inland Revenue: Acts of Parliament: Probable effects of the recent order to some of the Australian Banks: Future Action of the Board of Inland Revenue: Concluding remarks.

CHAPTER III.—Competition: Is a war of rates in London judicious? Mortgage Companies; Debentures: The Bank of South Australia—the Comptoir d'Escompte de Paris: Extracts from letters in the *Statist*: The *St. James's Gazette* on the Bank of South Australia.

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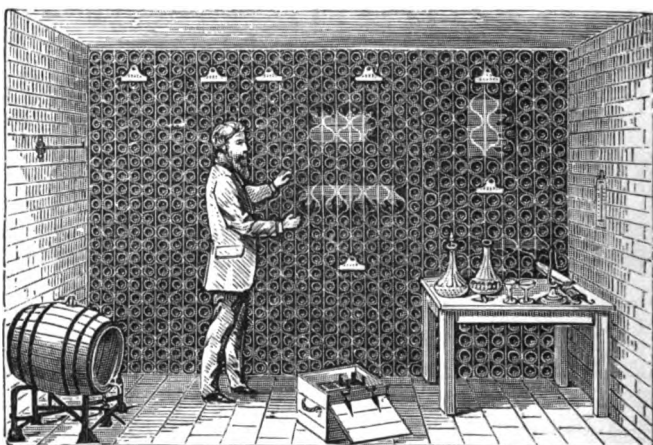
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Joint General Managers :

GEORGE T. GOODINGE AND WILLIAM HERBAGE.

Assist. Manager—JOHN LISCOMBE.

Branch Inspector—JOHN WILLIAMS.

Head Office :—7, FENCHURCH STREET, E.C.

West End Branch :—27, REGENT STREET, S.W.

ACTON ... High Street.
ADDISCOMBE ... Lower Addiscombe Rd.
ANERLEY ... 135, Anerley Road.
BALHAM ... 17, Ramaden Road.
BATTERSEA ... Battersea Park Road.
BERMONDSEY ... 159, Old Kent Road.
BOW ... 90 & 92, Bow Road.
BRIXTON, North ... 275, Brixton Road.
BRIXTON, South ... 451, Brixton Road.
CAMBERWELL ... 250, Camberwell Road.
CAMDEN TOWN ... Park Street.
CHISWICK ... High Road.
CLAPHAM ... Clapham Common.
CLAPHAM JUNC. ... 3, Garfield Terrace.
CROYDON ... North End.
EALING ... The Broadway.
FINCHLEY ... 82, Finchley Pavement.
FINCHLEY PARK ... Finchley Park Bldgs.
FOREST GATE ... 3, Romford Cross.
FOREST HILL ... High Street.
HAMPSTEAD ... High Street.
HARROW ROAD ... 6, Sutherland Gardens.

HENDON ... The Institute.
HIGHGATE ... High Street.
HOLLOWAY ... 403, Holloway Road.
KENTISH TOWN ... 228, Kentish Town Rd.
KILBURN ... Station Road.
LOWER NORWOOD ... 435, Norwood Road.
NOTTING HILL ... 137, Ladbroke Grove.
PECKHAM ... High Street.
POPLAR ... 193, E. India Dk. Rd.
PUTNEY ... 127, Upper Rd., Richmond.
ST. JOHN'S WOOD ... Wellington Road.
SHEPHERD'S BUSH ... Uxbridge Road.
SOUTH NORWOOD ... High Street.
STEPNEY ... 368, Commercial Rd.
STREATHAM ... Streatham Road.
SYDENHAM ... Bank Buildings.
TOOTING ... The Broadway.
UPPER NORWOOD ... Westow Hill.
WANDSWORTH ... Bank Buildings.
WEST BROMPTON ... 202, Fulham Road.
WIMBLEDON ... The Broadway.

COUNTRY BRANCHES:

BRISTOL. | HONITON. | OTTERY ST. MARY. | SIDMOUTH.

Current Accounts are opened on the terms usually adopted by Bankers. In cases where a remunerative balance is not maintained, a small charge for commission is made.

Deposits of £10 and upwards are received, subject to seven days' notice of withdrawal, and interest is allowed thereon at the current rate of the day. Deposits are also received for fixed periods, according to arrangement.

Money can be paid in at the Head Office, or at any Branch, for Customers' Accounts.

The Agency of Country and Foreign Banks is undertaken, and every description of Banking business is transacted.

Investments and Sales of all descriptions of British and Foreign Securities, &c., are effected, and Dividends and Military and other Pay and Allowances are received.

Drafts on Demand, Circular Notes, and Letters of Credit are issued.

The Officers of the Bank are bound not to disclose the transactions of its Customers.

LONDON & COUNTY BANKING COMPANY LIMITED.

Established in 1836, and Registered in 1880 under "The Companies' Acts, 1862 to 1879."

**CAPITAL £8,000,000, IN 100,000 SHARES
OF £80 EACH.**

| | | | | | |
|-----------------|-----|-----|-----|-----|------------|
| Paid-up Capital | ... | ... | ... | ... | £2,000,000 |
| Reserve Fund | ... | ... | ... | ... | £1,000,000 |

HEAD OFFICE: 21, LOMBARD STREET.

Head Office Manager :—WILLIAM HOWARD, Esq.

Deputy Manager :—JOHN EDWARD BAGULEY, Esq.

Secretary :—GEORGE GOUGH, Esq.

The London & County Banking Company, Limited,

Opens **DRAWING ACCOUNTS** with Commercial Houses and Private Individuals, upon the plan usually adopted by other Bankers.

DEPOSIT ACCOUNTS.—Deposit Receipts are issued for sums of Money placed upon these Accounts, and Interest is allowed for such periods and at such rates as may be agreed upon, reference being had to the state of the Money Market.

CIRCULAR NOTES and **LETTERS OF CREDIT** are issued payable in the principal Cities and Towns of the Continent. Letters of Credit are also issued payable in Australia, Canada, India, China, the United States, and elsewhere.

The Agency of Foreign and Country Banks is undertaken.

The *Purchase and Sale* of Government and other Stocks, also of English and Foreign Shares, are effected. *Dividends, Annuities, &c.*, are received for Customers of the Bank.

Great facilities are afforded to the Customers of the Bank for the receipt of Money both from and in the Towns where the Company has Branches.

The Officers of the Bank are bound not to disclose the transactions of any of its Customers.

By Order of the Directors,

W. McKEWAN, General Manager.

BIRKBECK BANK,

ESTABLISHED 1851.

29 & 30, SOUTHAMPTON BUILDINGS, CHANCERY LANE, LONDON.

The BIRKBECK BANK opens Drawing Accounts with trading firms and private individuals, upon the plan usually adopted by other Bankers, but with the important exception that it allows interest, at the rate of Two per cent. per annum, on the minimum monthly balances, when not drawn below £50. No Commission charged for keeping Accounts, excepting under special circumstances.

Money is received at Three per cent. interest on Deposit Account, repayable without notice; but these Accounts cannot be drawn upon by Cheque.

The Bank undertakes the custody of securities of customers, and the collection of Bills of Exchange, Dividends, and Coupons. Annuities, Stocks and Shares purchased and sold, and advances made thereon.

Letters of Credit and Circular Notes issued for all parts of the world.

The utmost facilities are afforded to those keeping Accounts with the Bank for the receipt and payment of Annuities, and for the transmission of money to the Colonies, the Continent, and America. The Bank acts also as Agents for receiving the Pay and Pensions of Officers of the Army and Navy, and their Widows and Children, at home or abroad.

ABSTRACT OF THIRTY-SECOND ANNUAL BALANCE SHEET, MARCH, 1883

| | |
|---|-------------|
| Amount at Credit of Current and Deposit Accounts | £23,730,200 |
| Investments in the English Funds and other Convertible Securities, and Cash in hand | £23,554,560 |
| Permanent Guarantee Fund, invested in Consols | £200,000 |
| Amount of Assets in excess of Liabilities | £153,667 |
| Number of Current and Deposit Accounts | 35,979 |

The BIRKBECK BANK accepts neither personal security for advances, nor discounts bills for customers, except with collateral security; so that it enjoys an immunity from losses unknown to either joint-stock or private banks.

The Bank has no Branches or Agents. All communications should be addressed to

January 1st, 1884.

FRANCIS RAVENSCROFT, *Manager*.

The Number of the Birkbeck Bank in connexion with the Telephone Exchange is 2508.

Just Published, Price 2/6, Post Free.

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OR,

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Volunteering) in the Transvaal.

BY

E. V. C.

An original, bright, and sparkling account of personal adventure and experience in a land which is now attracting much attention from, and entailing great responsibilities upon, our Home Government.

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23, ABCHURCH LANE, LOMBARD STREET, LONDON, E.C.

Banking in Australasia,

From a London Official's point of view,

With some Remarks on Mortgage and Finance Companies.

OPINIONS OF THE PRESS.

"Contains a great deal of matter which will be found of interest."—*Times*.

"Is the first attempt to bring into a tangible form the history of the Australian banks. . . . The Chapters on Competition, Advances on Produce, and the Telegraphic Transfer of Money discuss matters in dispute, but the arguments on both sides are fairly stated, and the conclusions arrived at appear reasonable."—*Standard*.

"The subjects are dealt with in a manner which shows a thorough practical acquaintance with the details of Colonial banking business."—*Daily Telegraph*.

"The work concludes with some interesting biographical notices of the pioneers in Australian banking, which cannot fail to be read with interest."—*Morning Post*.

"Traces the growth of banking in the Australian Colonies in a very useful manner."—*Pall Mall Gazette*.

"Contains a strong and able recommendation of the issue of debentures as negotiable interest-bearing documents by the Australian banks. . . . There seems something anomalous in the Australian banks having to pay, as they now sometimes have to do, higher rates of interest than the Mortgage and Finance Companies."—*Economist*.

"Many interesting topics connected with the Australasian banking system are passed under review."—*Statist*.

"Interesting. The author has brought together a great deal of valuable information."—*Money Market Review*.

"The historical, statistical, and biographical portions of this work are interesting."—*Bullionist*.

"Neat, clear, perspicuous. . . . The author has in several places given suggestions which evidence the deep thought which he has given to the subject he has undertaken, and these, to our mind, are invaluable."—*Bankers' Magazine*.

"Nothing gives a more vivid impression of the development and power of these Colonies than a perusal of the history, and a consideration of the present proportions of their banking institutions, as given in this book. . . .

The career of Mr. Benjamin Boyd is given, and it forms a curious and interesting episode in the romance of commerce. . . . Our author advocates the institution by the banks of a new system of interest-bearing debentures, in place of non-transferable deposit receipts. The scheme he sketches certainly commends itself to one's reason. . . . The work is not bulky, but it is very complete, and the statistical matter is very comprehensive and clear."—*Glasgow Herald*.

"Makes a seemingly dry subject popular."—*Dundee Advertiser*.

"The author is evidently at home in the important subjects of which the volume treats, and capable of discussing them from a thoroughly practical as well as the theoretic stand-point."—*Aberdeen Journal*.

"Interesting and most readable."—*Pertshire Journal*.

"Much valuable statistical information is afforded."—*Scottish Banking Magazine*.

"An instructive and comprehensive treatise. Includes in its wide scope all the varied phases of Australian Banking."—*Irish Banking Journal*.

London : BLADES, EAST & BLADES, 23, ABCHURCH LANE, E.C.

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The Council of the Institute of Bankers desire it to be distinctly understood, that Authors alone are responsible for the contents of their Papers, both as to matters of fact and of opinion, and, also, that the Institute accepts no responsibility for the opinions which may be expressed in the various discussions.

BY ORDER OF THE COUNCIL.

CALENDAR FOR SESSION 1884-85.

OCTOBER, 1884.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

NOVEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

DECEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | 31 |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JANUARY, 1885.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

FEBRUARY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|--|
| Sunday | ... | 1 | 8 | 15 | 22 | |
| Monday | ... | 2 | 9 | 16 | 23 | |
| Tuesday | ... | 3 | 10 | 17 | 24 | |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

MARCH.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | 31 |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

APRIL.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

MAY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Friday | ... | 1 | 8 | 15 | 22 | 29 |
| Saturday | ... | 2 | 9 | 16 | 23 | 30 |
| Sunday | ... | 3 | 10 | 17 | 24 | 31 |
| Monday | ... | 4 | 11 | 18 | 25 | |
| Tuesday | ... | 5 | 12 | 19 | 26 | |
| Wednesday | ... | 6 | 13 | 20 | 27 | |
| Thursday | ... | 7 | 14 | 21 | 28 | |

JUNE.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JULY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

AUGUST.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | 31 |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

SEPTEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

The Dates of Meetings are distinguished by *large black figures*.

The Institute of Bankers,

2, ST. MICHAEL'S HOUSE,

CORNHILL, E.C.,

LONDON, *February*, 1885.

NOTICES TO MEMBERS.

MEETINGS

WILL BE HELD IN THE

THEATRE OF THE LONDON INSTITUTION,

FINSBURY CIRCUS, E.C.,

ON

Wednesday, Feb. 18th, 1885. | Wednesday, April 15th, 1885.
„ March 18th, „ | „ May 20th, „

The Annual General Meeting will be held on May 20th, previous to the Ordinary Meeting.

The time at which the chair will be taken will be announced previously to each meeting.

The Council have reason to believe that in the course of the Session the following Papers amongst others will be communicated to the Institute :—

“Practical Banking,”

By T. B. MOXON, Esq., Fellow of the Institute.

“Assays,”

By Professor CHANDLER ROBERTS, Chemist to the Mint.

THE Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institute, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the *Journal*, or by advertisement in the principal papers about one week before each meeting. Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the Ordinary Meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interest to the Profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the Profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the *Journal* as the Council may determine.

If not out of print, *members* may obtain a *single* copy of each of the back numbers of the *Journal* at the reduced price of 1s. each. A few volumes bound in morocco, can be obtained at 15s. each volume.

The *Journal* is for the present published in eight consecutive months, namely, from December to the June following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, Members are especially requested to inform the Secretary, without delay, of any change in their Addresses.

THE LIBRARY.

The Council request the attention of Members to the following list of works, which, among others, are required in the Library :—

Economist. Volumes prior to 1856.

Bankers' Magazine, Vols. XV.-XXXIII.

Journal of the Statistical Society. Vols. prior to 1874.

Early copies of the London Directory.
Banking Almanac prior to 1861, and for 1878.
The Annual Register.
Hansard's Parliamentary Debates.
Tooke's History of Prices.
Lord Overstone's Select Tracts on Currency, &c.
British Association Reports.
Ruding's Annals of the Coinage.
Vaughan's Discourse on Coins and Coinage.
Patrick's Records of the Coinage of Scotland.
Kenyon's Gold Coins of England.
Anderson on Commerce.

ELECTIONS.

THE following is the list of those elected at the January meeting of the Council :—

FELLOWS.

| | | | |
|--------------------------|-----|-----|---|
| JOHN HENRY BRODIE | ... | ... | Bank of British North America, Clement's Lane, E.C. |
| JOHN ALLAN CLUTTON-BROCK | ... | ... | London and Yorkshire Bank, 7, Drapers' Gardens, E.C. |
| CHAS. PHILLIPS | ... | ... | Columbian Bank, Philadelphia, U.S.A. |

ASSOCIATES.

| | | | |
|-----------------------|-----|-----|--|
| JAMES HENRY DENTON | ... | ... | Stamford, Spalding and Boston Bank, Oundle. |
| ALEXR. GEO. GRAY | ... | ... | Parr's Banking Co., Macclesfield. |
| EDWARD HANSON | ... | ... | London & County Bank, Lombard Street, E.C. |
| CHARLES GIBBINGS KENT | ... | ... | Australian Joint Stock Bank, Sydney, New South Wales. |
| HUGH LANAWAY | ... | ... | London & County Bank, Dartford. |
| JAS. SMITH | ... | ... | North and South Wales Bank, Limited, Birkenhead. |
| WALTER JOHN OGG | ... | ... | Messrs. Roche, Eyton & Co., Shrewsbury. |

ORDINARY MEMBERS.

| | | |
|-------------------------|-----|--|
| RICHARD BERNARD ANDREWS | ... | London Provincial Bank, Harleston. |
| GEORGE DEPLEDGE BURRELL | ... | York City and County Bank, Leeds. |
| WALTER CHARLES EDDOWES | ... | Stamford, Spalding and Boston Bank, Lincoln. |
| JAMES MARSHALL | ... | West Riding Union Bank, Dewsbury. |
| WILLIAM STANLEY RUSSELL | ... | Bank of New Zealand, Wanganui, N.Z. |
| JESSE TIMMINS | ... | Parr's Banking Company, Northwich. |
| WILLIAM BROWN ROWSON | ... | Lancashire and Yorkshire Banking Company, Manchester. |

The following names should be added to the List of Members recently issued :—

ASSOCIATES.

| | |
|-------------------------|---|
| BERRIDGE, WILLIAM, | General Credit and Discount Co., 7, Lothbury, E.C. |
| WATKINS, CHAS. WILLIAM, | National Provincial Bank of England, Limited, Rugeley. |

ORDINARY MEMBERS.

| | |
|----------------------------|--|
| LAILDLER, CHARLES, | National Provincial Bank of England, Darlington. |
| RICHARDS, WILLIAM RICHARD, | Messrs. Wilkins & Co., Cardigan. |

The Institute of Bankers.

FEBRUARY, 1885.

Hon. H. D. RYDER in the Chair.

LOTTERIES: THE PART THEY HAVE PLAYED IN STATE FINANCE.

By CORNELIUS WALFORD, F.I.A., F.S.S., F.R.Hist.Soc., Barrister-at-Law.*

[Read before the Bankers' Institute, Wednesday, Jan. 21st, 1885.]

Contents of Paper.

| | Page |
|---|------|
| STATE LOTTERIES DEFINED | 72 |
| HISTORY OF STATE LOTTERIES IN ENGLAND | 72 |
| AUTHORITIES UPON THE SUBJECT | 73 |
| LEGISLATION | 74 |
| STATE FINANCE—THE FUNDING SYSTEM | 74 |
| TABLE OF ENGLISH STATE LOTTERIES | 75 |
| CONSIDERATIONS PRESENTED BY THIS TABLE | 77 |
| A FEW OTHER POINTS REMAIN FOR ELUCIDATION | 79 |
| DRAWINGS—SUBSCRIPTIONS | 80 |
| MODE OF DRAWING | 80 |
| PRIZES | 81 |
| LOTTERY-OFFICE KEEPERS | 81 |
| INSURANCE OF LOTTERY HAZARDS | 82 |
| PROFITS | 82 |
| REPRESSIVE LEGISLATION | 83 |
| DISCONTINUANCE OF STATE LOTTERIES | 84 |



THE circumstance that Holland—a country from which we copied largely in our early systems of State finance—is now contemplating the reintroduction of the lottery system, in aid of her fiscal requirements, seems to render this an appropriate moment to review our own past operations in this direction.

The first lottery in this country of which we find any record was one organised in 1567, under the patronage of Queen Elizabeth, and

* In the unavoidable absence, through illness, of Mr. Walford, the paper was read by Mr. S. O. Gray.

drawn at the west door of St. Paul's Cathedral in 1569, with the object of raising a fund for repairing the havens of the kingdom, and other public works. It was not by any means a success ; and it does not fall within the range of State lotteries, such as I contemplate to enumerate on the present occasion.

STATE LOTTERIES DEFINED.

It will be convenient to define at once what are, for the purposes of this paper, to be regarded as State Lotteries. These are not lotteries simply under the patronage of the Sovereign, as signified by Letters Patent or other Royal mandate, of which there were many, for an infinite variety of objects during the reigns of the Stuarts. Nor are they exclusively lotteries which have received the authority of the Legislature, as was the practice of a later period, unless their purpose was associated with, and the proceeds were to be devoted in aid of, the National Finance.

A State Lottery, as here understood, is a monetary operation which has received the sanction of Parliament, and is for the purpose of aiding the revenue, and assisting the financial administration of the State, or the lightening of its fiscal burdens. That must be its primary design. The execution of the design has not been uniformly effective in accomplishing either of these purposes.

HISTORY OF STATE LOTTERIES IN ENGLAND.

It should not seem a very formidable task to trace the history of every lottery which has been organised on such a basis as that last described. A person who has not had experience of the methods of our early legislation, or of the complications of our Statute book, would naturally resort to one of the familiar indexes to the Statutes—*Raithby's* for instance—and turning to title "Lotteries," would at the first glance be struck with the information afforded. He would there see a formal list of such lotteries, with, in most cases, even the amounts which were severally authorised, stated in plain figures, and further a direct reference to the particular statute embodying the authority given. The work thus seems to be done to his hand. But woe be to his reputation if he place much reliance upon it. The first reference given is 8 Anne c. 4, and the amount of the lottery is set down as £150,000. If he turns to this Act he will find its primary title is for "continuing part of the Duties upon Coals," &c., but a few lines further the lottery feature becomes revealed. The lottery, however, there authorised is for £1,500,000—one and a half millions, instead of simply a small affair of one hundred and fifty thousand pounds ! * These facts indeed lie deeply buried in some of the later

* This is by no means a solitary instance of error, such as may happen in any printed work : the errors of this description are chronic in the list.

sections of the Act. Further he will see marginal references to other Acts, and if he follow these up, he will in course of time find that instead of the first State lottery having been authorised in 1709 only, he must go back to 1693—no less than eight important Lottery Acts having been entirely ignored in this popular index guide.*

Nor are such errors confined to Raithby alone.† All the so-called "reference" authorities are equally faulty; and what is much worse, no one edition of the Statutes will be found to contain all, or nearly all the Acts of Parliament relating to State and other lotteries. The "Statutes of the Realm" contain all the enactments as far as the series itself extends—but that is only down to the end of the reign of Queen Anne. The "Statutes at Large"—(so named apparently in burlesque)—known to scholars as *Ruffhead's Compilation*, has very grave omissions regarding lotteries, and some of those given do not harmonise in their chapter numbers with the rolls of Parliament. I have, in consequence, had to obtain from the Queen's printers some 50 acts to supply such defects. All the other sets of Statutes are more or less imperfect in this regard; the reason, *prima facie*, being that as many of these lottery enactments have been subsequently expunged, they are either wholly omitted, or mentioned simply in the most perfunctory manner.

AUTHORITIES UPON THE SUBJECT.

Do not let it be thought that I am dwelling upon these minor points in view simply of magnifying the difficulties of my present task. That is by no means the case. I have long since grown familiar with the total untrustworthiness of ordinary aids, and fall back upon the primary sources of information as the only real foundation to work from. The Statute-book, with all its patchwork redundancies, furnishes the true foundation of our national history. My more immediate purpose is to account for, if not to excuse, the shortcomings of such popular works of reference as Grellier's *History of our National Loans*, Fairman *On the Funds*, or Fenn's *History of our Funding System*. They can only have been compiled in blind reliance upon such defective indexes as those I have named; and in consequence, as guides to our financial history, they are utterly unreliable.

I have hitherto failed to meet with any reliable enumeration of our English State Lotteries.

* But two of these actually authorise lotteries; yet they all have an important bearing on the subject.

† Raithby enumerates 62 Lottery Acts; the following Table contains an enumeration of 90 Acts authorising lotteries, and there are perhaps half as many more Acts relating to the management, &c., of lotteries, which ought to be included in any Index.

LEGISLATION.

The circumstance is a remarkable one, that too often the parliamentary authorisations for schemes of State finance lie hid away in obscure clauses of what may be designated the "omnibus" bills of the 17th and the 18th centuries. That was the mode of our legislation at those periods. The national finance was then managed in a manner which seems to us well nigh inscrutable. The people were not supposed to understand such questions; the representatives of the people were usually content with the assurance of the popular Minister of the day, that the best was being done in the interests of the nation. A chronic state of war with continental nations rendered extraordinary supplies necessary, and extraordinary means were frequently used to raise these. Parliamentary elucidation in such cases was regarded as out of place.

STATE FINANCE—THE FUNDING SYSTEM.

It is quite true, and in conformity with tradition, that with the accession of the House of Orange to the English Throne (1688) there came into practice the plan of employing lotteries as a means of State finance;* first, upon extraordinary occasions only, but afterwards as a chronic means of securing relief to the frequently much congested national exchequer.

But another and yet more important event resulted. England, for the first time, applied the "Funding System" to her State finances. This was not a new discovery—simply a new adaptation. The funding system, as applied to State and municipal finance, is said to have originated in Venice in 1173; it was certainly practised there during the twelfth century. It was used in Florence in the fourteenth century, and became familiar to the Flemings in their large monetary dealings with the states and cities of southern Europe. Its real origin in this country was with the founding of the Bank of England in 1694—its loan to the Government of £1,200,000 of its capital, in return for an annuity of 8 per cent., being the first transaction of that character. What a superstructure of National Debt has since been raised upon this slender foundation! The relative advantages of the funding system, as compared with other modes of raising national loans, has been the subject of much discussion.

Whatever evils of a practical character may have resulted to us as a nation from such facilities of borrowing as the funding system places in the hands of a Government, nothing can be more certain

* "Lotteries began in this monarch's [William III.] reign; and as all our evils were then attributed to Dutch counsels, the blame of lotteries . . . was ascribed to an imitation of the example of Holland, and a wish in the natives of that country to ruin our morals, as well as to cramp our trade."—*Sinclair's History of the Revenue*, i., pp. 419-20.

than that the time had come (at the close of the seventeenth century) when the credit of England had to be placed on a proper foundation. The extraordinary necessities of every State have to be met by extraordinary means. Before the introduction of the funding system into this kingdom the arbitrary will of the monarch devised the means—usually enforced loans : enforced against those who were known, or were supposed, to have cash at command. Nor were the Jews always the victims. Our seventeenth-century merchants kept their store of bullion at the Mint. In 1640 Charles I. confiscated all this at his royal pleasure. Our early bankers (the goldsmiths) kept their reserves in exchequer tallies. Charles II. confiscated all these, to the extent of nearly 3½ millions, in 1672 !

The State lotteries were employed skilfully as a means of inducing confidence in the credit of the Government, as based on this funding system. This will appear more fully as we proceed.

TABLE OF ENGLISH STATE LOTTERIES.

It will be convenient at this point to introduce an Index Table of the several State Lotteries which have been authorised in England from the beginning, arranged in chronological sequence, with their leading financial features—premising that in some cases it is impossible to make these latter entirely amenable to tabular elucidation. Further, the dates given are always the dates of authorisation—the drawings were frequently a year later, sometimes more :—

| Date of Authorisation. | Amount Authorised to be raised. | | | Amount Distributed in Prizes and Blanks. | Surplus (if any). | | |
|------------------------|---------------------------------|----|----|--|-------------------|----|----|
| | £ | s. | d. | £ | £ | s. | d. |
| 1693 | 1,000,000 | 0 | 0 | 1,000,000 in Annuities. | Nil. | | |
| 1696-7 | 1,400,000 | 0 | 0 | 1,400,000 | " | | |
| 1709 | 1,500,000 | 0 | 0 | 1,500,000 in Annuities. | " | | |
| 1710 | 1,500,000 | 0 | 0 | 1,928,570 | Loss. | | |
| " | 2,000,000 | 0 | 0 | 2,000,000 | Nil. | | |
| 1711 | 1,800,000 | 0 | 0 | 2,341,740 | Loss. | | |
| " | 1,800,000 | 0 | 0 | 2,341,990 | " | | |
| 1713 | 1,400,000 | 0 | 0 | 1,876,400 | " | | |
| 1718 | 500,000 | 0 | 0 | 500,000 | Nil. | | |
| " | 505,995 | 0 | 0 | 505,995 | " | | |
| 1720 | 700,000 | 0 | 0 | 735,300 | Loss. | | |
| 1721 | 700,000 | 0 | 0 | 735,300 | " | | |
| 1722 | 750,000 | 0 | 0 | 763,350 | " | | |
| 1723 | 750,000 | 0 | 0 | 763,350 | " | | |
| 1725 | 1,000,000 | 0 | 0 | 1,000,000 | Nil. | | |
| 1731 | 800,000 | 0 | 0 | 800,000 | " | | |
| 1733 | 500,000 | 0 | 0 | 400,000 | 100,000 | 0 | 0 |
| 1743 | 800,000 | 0 | 0 | 800,000 | Nil. | | |
| 1744 | 600,000 | 0 | 0 | 600,000 | " | | |
| 1745 | 500,000 | 0 | 0 | 500,000 | " | | |
| 1746 | 500,000 | 0 | 0 | 500,000 | " | | |
| 1747 | 1,000,000 | 0 | 0 | 1,000,000 | " | | |

| Date of Authorisation. | Amount Authorised to be raised. | | | Amount Distributed in Prizes and Blanks. | Surplus (if any). | | |
|---------------------------|---------------------------------------|----|----|--|----------------------|----|----|
| | £ | s. | d. | £ | £ | s. | d. |
| 1748 | 630,000 | 0 | 0 | 630,000 | Nil. | | |
| 1751 | 700,000 | 0 | 0 | 700,000 | " | | |
| 1755 | 1,000,000 | 0 | 0 | 900,000 | 100,000 | 0 | 0 |
| 1756 | 500,000 | 0 | 0 | 500,000 | Nil. | | |
| 1757 | 1,050,005 | 0 | 0 | 1,050,005 | " | | |
| " | 500,000 | 0 | 0 | 500,000 | " | | |
| 1758 | 660,000 | 0 | 0 | 660,000 | " | | |
| 1759 | 240,000 | 0 | 0 | 240,000 in Annuities. | " | | |
| 1760 | 600,000 | 0 | 0 | 600,000 | " | | |
| 1762 | 700,000 | 0 | 0 | 700,000 | " | | |
| 1765 | 600,000 | 0 | 0 | 600,000 | " | | |
| 1766 | 600,000 | 0 | 0 | 600,000 in Annuities. | " | | |
| 1767 | 600,000 | 0 | 0 | 600,000 | " | | |
| 1768 | 600,000 | 0 | 0 | 600,000 | " | | |
| 1769 | 780,000 | 0 | 0 | 600,000 | 180,000 | 0 | 0 |
| 1770 | 700,000 | 0 | 0 | 500,000 | 200,000 | 0 | 0 |
| 1771 | 650,000 | 0 | 0 | 450,000 | 200,000 | 0 | 0 |
| 1772 | 750,000 | 0 | 0 | 600,000 | 150,000 | 0 | 0 |
| 1774 | 750,000 | 0 | 0 | 600,000 | 150,000 | 0 | 0 |
| 1775 | 750,000 | 0 | 0 | 600,000 | 150,000 | 0 | 0 |
| 1776 | 600,000 | 0 | 0 | 600,000 | Nil. | | |
| 1777 | 500,000 | 0 | 0 | 500,000 | " | | |
| 1778 | 480,000 | 0 | 0 | 480,000 | " | | |
| 1779 | 490,000 | 0 | 0 | 490,000 | " | | |
| 1780 | 480,000 | 0 | 0 | 480,000 | " | | |
| 1781 | 480,000 | 0 | 0 | 480,000 | " | | |
| 1782 | 405,000 | 0 | 0 | 405,000 | " | | |
| 1783 | 480,000 | 0 | 0 | 480,000 | " | | |
| 1784 | 360,000 | 0 | 0 | 360,000 | " | | |
| 1785 | 650,000 | 0 | 0 | 500,000 | 150,000 | 0 | 0 |
| 1786 | 688,750 | 0 | 0 | 500,000 | 188,750 | 0 | 0 |
| 1787 | 756,875 | 0 | 0 | 500,000 | 256,875 | 0 | 0 |
| 1788 | 750,600 | 0 | 0 | 480,000 | 270,600 | 0 | 0 |
| 1789 | 771,562 | 0 | 0 | 500,000 | 271,562 | 10 | 0 |
| 1790 | 790,937 | 10 | 0 | 500,000 | 290,937 | 10 | 0 |
| 1791 | 806,250 | 0 | 0 | 500,000 | 306,250 | 0 | 0 |
| 1792 | 812,500 | 0 | 0 | 500,000 | 312,500 | 0 | 0 |
| 1793 | 675,000 | 0 | 0 | 500,000 | 175,000 | 0 | 0 |
| 1794 | 740,666 | 13 | 4 | 500,000 | 240,666 | 13 | 4 |
| 1795 | 758,541 | 13 | 4 | 500,000 | 258,541 | 13 | 4 |
| 1796 | 780,000 | 0 | 0 | 500,000 | 280,000 | 0 | 0 |
| 1797 | 646,250 | 0 | 0 | 500,900 | 146,250 | 0 | 0 |
| 1798 | 667,916 | 13 | 4 | 500,000 | 167,916 | 13 | 4 |
| 1799 | 703,541 | 13 | 4 | 500,000 | 203,541 | 13 | 4 |
| 1800 | 826,250 | 0 | 0 | 500,000 | 326,250 | 0 | 0 |
| 1801 | 701,250 | 0 | 0 | 500,000 | 201,250 | 0 | 0 |
| 1802 | 1,455,000 | 0 | 0 | 900,000 | 555,000 | 0 | 0 |
| 1803 | 1,052,336 | 6 | 8 | ... | ... | | |
| *1804 | ... | | | 800,000 | ... | | |

* From 1804 inclusive, the Lottery Acts do not specify what the Lottery subscriptions are to be, but simply that the "Prizes" awarded shall not exceed the sums inserted in column 3.

| Date of Authorisation. | Amount Authorised to be raised. | Amount Distributed in Prizes and Blanks. | Surplus (if any). |
|------------------------|---------------------------------|--|-------------------|
| | | £ | |
| 1805 | ... | 900,000 | ... |
| 1806 | ... | 1,000,000 | ... |
| 1807 | ... | 1,000,000 | ... |
| 1808 | ... | 600,000 | ... |
| 1809 | ... | 600,000 | ... |
| 1810 | ... | 600,000 | ... |
| 1811 | ... | 600,000 | ... |
| 1812 | ... | 600,000 | ... |
| 1813 | ... | 600,000 | ... |
| 1814 | ... | 600,000 | ... |
| 1815 | ... | 600,000 | ... |
| 1816 | ... | 600,000 | ... |
| 1817 | ... | 600,000 | ... |
| 1818 | ... | 600,000 | ... |
| 1819 | ... | 900,000 | ... |
| 1820 | ... | 900,000 | ... |
| 1821 | ... | 900,000 | ... |
| 1822 | ... | 900,000 | ... |
| 1823 | ... | 900,000 | ... |

CONSIDERATIONS PRESENTED BY THIS TABLE.

Various considerations arise upon a perusal of this table, and various explanations also become necessary.

In the first place it has to be remembered that each of the 90 lotteries here enumerated was in itself a special individual creation of parliament. The right of granting patents for such purposes, formerly exercised by the Crown, had been swept away in the general crusade against monopolies. In truth the lottery system had been found to be too facile a mode of raising money not to be laid under embargo for State necessities. Further the measure of those necessities is frequently proclaimed, in effect, by the terms of the lottery scheme—that is to one who has learned to read between the lines.

A general survey of the table appears to reveal the mode of operation to have been as follows. In the earlier cases the Government obtained, by means of lotteries, the *temporary* use of considerable sums of money—all of which was to be returned in the form of prizes payable in Government annuities. The next step was that of granting *annuities* for fixed terms, and other benefits combined, to the full value, and very often far in excess, of the subscriptions to the lottery. These were the first attempts to popularise the funding system. The more extravagant the terms offered, the more popular the method would become. The third process was that of using the lottery as a decoy to the raising of national loans—thus employing the funding system on a more extended scale. Certain apportionments of lottery shares followed upon applications for stock in such

loans—hence a lottery of half-a-million (upon which no loss beyond the expenses was incurred) was used as a leverage for the floating of many millions.* Finally, the taste for speculation being once created, lotteries became a means of direct profit to the State. These steps may not be all apparent at a single glance. They will become more so as we proceed.

A more specific survey of our State lottery system will reveal many facts and incidents which cannot be even surmised from the table already presented—as for instance that the lottery of 1725 was the first wherein the “blank” tickets had been made to contribute towards the “prize” tickets; that the 1731 lottery was the first wherein the entire financial management had been placed under the entire control of the Bank of England (as early as 1709 the Bank had received subscriptions); that this was also the first lottery which was employed for floating a national loan, and one of the first wherein there was no loss to the Exchequer; that in the lottery of 1733, for the first time, the blank tickets were actually blanks—getting nothing; that at the lottery of 1745 there was for the first time an *omnium* attached to the tickets; that in 1770 there was a considerable extension of the benefits on drawing of “first tickets;” that in 1785 the funding system was for a time disassociated with the lottery issues; that in 1788 the largest prize hitherto given in an English State lottery (£30,000) was offered; that in 1790 a new feature in paying off blank tickets was introduced; that in 1799 certain tickets, other than the ordinary “fortunate” ones, stood to gain large benefits; that in 1802 (after the union of Ireland with Great Britain, 1800) a part of the proceeds of each State lottery was specifically assigned to the service of Ireland;† that in and from 1804 the Lottery Acts become exceedingly reticent as to the measure of profit which was designed for the National exchequer; or that in 1815 the practice of investing the proceeds of the lotteries in the public funds was resumed.

These and a large number of other facts and incidents of essential import in tracing the development of lotteries, as a branch of national finance, are incapable of being incorporated in any table suitable for general reference, and cannot be here given in detail without unduly encumbering the text of this paper. No mere narrative account, however painstakingly constructed, can pretend to reach the many incidents required to be known in such a history as the present. The circumstances of each lottery are individual and distinctive—characteristic of the period and of the circumstances of the nation, financial and otherwise, at such period.

* The Lottery Act of 1760 authorised the raising of £12,000,000 “by way of Annuities and a Lottery”—the lottery being for £600,000, the loan for £11,400,000!

† There had been several State Lotteries drawn in *Ireland*, which are not included in the preceding table, or specifically referred to in this paper.

Other reasons than those already enumerated would render such distinctive treatment of the individual lotteries desirable. For instance, the parliamentary title of the several statutes could thus be given, and their identity secured, as against much confusion in some of the earlier editions of the statutes. An abstract of the regulations imposed by the several statutes could also be secured—and each new feature pointed out as it arises, while the ever-varying features of the scheme of “prizes” attending each lottery could be made plain, and sometimes used as a means of identity. For instance, a newspaper reference to a £30,000 prize can only refer to the lotteries of 1788, 1791-2, and 3; to 1799, where there was one prize of that amount, and one first drawing chance also—or to the year 1800. Many other facts of special or general interest might likewise be appropriately recorded. But I am informed that space for such merely historical records as these is out of the question.

A FEW OTHER POINTS REMAIN FOR ELUCIDATION.

Not only was each State lottery a special creation of parliament, but it operated as a special event in the social life of the nation. The newspapers conveyed—first by means of news-paragraphs, and at a later period through the medium of attractively framed advertisements—information of the fact to the households of the educated. The postman was the medium of conveying prospectuses and special announcements to the residences of the wealthy in the most remote parts of the kingdom. The common carrier carried the printed bills to the road-side inn, to the wayfarers and country shop-keepers. The ballad-singers found the lottery a fruitful theme of interest at the country fair. Lottery offices were opened in the principal thoroughfares of the metropolis and in country towns. The whole kingdom became aroused on the approach of a lottery drawing. Bankers received remittances from their country correspondents to invest in tickets. Astrologers and fortune-tellers were consulted in the matter of “lucky-numbers.” Steady housewives dreamed of potentialities of wealth; and even housemaids and butcher-boys contrived very frequently to obtain some pecuniary interest in one or more chances. Those members of this Association who have had opportunity for, or occasion to, search in the ledgers of the bankers of the last, and the first quarter of the present century, know how largely such commissions for and dealings in State lottery tickets figure therein.*

* Mr. John B. Martin, M.A., in his pleasant and instructive little pamphlet, “*The Grasshopper*,” of Lombard Street, speaking of the Banking business there carried on in 1720, says (p. 30), “whatever may have been the policy of this house in reference to the South-Sea Bubble, there is frequent mention in the earliest extant books, of *Lottery Tickets*, *Blanks & Prizes*, *Million Bank* and other financial devices of this age.” Mr. F. G. Hilton Price, in his account of *Mr. Marygold*, at Temple Bar, found in the records of that establishment various references to lotteries.

DRAWINGS—SUBSCRIPTIONS.

While the first lottery held in this country was drawn in the doorway of St. Paul's Cathedral, and some later ones for specific purposes, nearly all those with which I deal in this section of my paper—all the State lotteries properly so-called—were drawn in the Guildhall, right in the heart of the business portion of the City, and under the sheltering wing of the great Corporation itself, within the ken of those mystic deities, Gog and Magog! But further, the books for subscriptions were opened, usually, after the year 1710, at the Bank of England—thus securing the seeming influence of the highest banking authority. It soon came to be the fashion for the private bankers to subscribe in advance for a forthcoming lottery, thus securing the opportunity, by judicious manipulation, of raising the shares to a premium, and so enhancing their profits. A lottery was in its nature a speculation, although so long as the blank tickets were paid off at par the speculative element was reduced to a minimum, and it seemed but natural that the speculative element might be increased by all reasonable means; and the more this element was increased the more popular became the lotteries.

MODE OF DRAWING.

It may facilitate the understanding of some of the points here spoken upon if I describe the mode of drawing invariably adopted in the State lotteries.* If the lottery was to consist of 50,000 tickets, say of £10 each, just so many separate tickets, consecutively numbered, would be prepared in a book in triplicate, each ticket being separated from every other by flourishes. The outer ticket of the series would be signed by the managers, and issued to the subscribers; the second ticket was retained to be put in a box in due course, under seal, for the purpose of the drawing; the third, left in the book for ultimate identity, and sent to the Treasury—the tickets cut out being indented in the cutting. If there were to be 20,000 prizes, or "fortunate tickets," as they were termed in the language of Parliament, these would be written in duplicate in another book, specifying on each its value. The outer ticket was cut off, and put in a box in the presence of proper witnesses, and the box sealed. On the day fixed for the drawing, the contents of the sealed boxes, viz., the two separate sets of tickets, were emptied into the "drawing wheels," and subjected to various evolutions; after which, two persons being selected for the purpose, a ticket was drawn simultaneously from the prize wheel, and from the whole body of tickets, each ticket taking the prize against which it was drawn. Nothing could be more simple, and nothing more fair. When the prize wheel

* A different mode of drawing had formerly prevailed, as for instance at the *Greenwich Hospital* lottery, in the 17th century.

was exhausted the drawing was at an end. But frequently the whole of the blank or undrawn tickets were paid off in full, or in a certain specified portion.

PRIZES.

The schedule of prizes to be offered constituted the attractive feature of the schemes in the public mind. These varied in almost every succeeding lottery—sometimes very little, sometimes very considerably. The aggregate of the prizes offered, combined with the sum to be repaid on the blank tickets, constituted the relative advantage of the scheme as a whole, either to the public or to the national exchequer ; but it is quite certain that the larger prizes constituted the attraction, whilst a great number of even small prizes during the drawing kept up the interest, and sustained popularity.

In the lottery bills and advertisements issued by the office-keepers the larger prizes were always very prominently displayed ; and if several of these were successively gained for clients through the agency of any particular office, it certainly, as a consequence, gained a large degree of popularity. So, if a large prize was gained by a subscriber in the provinces, very large sums of money from that same locality were subscribed to the lotteries immediately succeeding.*

A list of all the prizes, showing the persons to whom they fell, was usually printed after each drawing, and constituted a volume of considerable proportions.

LOTTERY-OFFICE KEEPERS.

In the first instance probably the bankers had a large share in the dealings in lottery tickets, but this monopoly did not long endure. There sprung up a class of persons known as Lottery-office Keepers. These men became exceedingly expert in the business, and were much patronised in consequence. They soon learned to discover any weak places there were in the schemes ; or it would be more correct to say, they soon learned to understand the advantages offered to the subscribers, and to profit by them. There is no reason to believe that the management of the lotteries was not entirely fair and above board. The boys from Christ's Hospital (Blue-coat) School were selected to draw the tickets, because they were regarded as being beyond suspicion ; and when in 1775 a fraud was perpetrated, it was discovered, as also was the person who had corrupted the boy, and he was properly punished. The office-keepers became expert in discovering which were the more favourite numbers run upon by the public. These they purchased early and cut up into shares—selling a fourth, an eighth, a sixteenth, or a thirty-second part, and realising in this manner a very considerable profit.

* A painful instance was mentioned in the House of Commons in 1719, wherein all the funds of a village Benefit Society were embarked in lottery ventures—and lost !

A great advantage to the office-keeper arose in the circumstance that from time to time the features of the lottery schemes were varied. These variations of terms would arise from either of many causes. If the exchequer stood urgently in need of replenishment, the terms offered would be correspondingly favorable. If money was regarded as scarce in the kingdom, higher inducements would be offered than if it were plentiful. On the other hand, if any form of lottery—I mean more particularly any scheme of prizes, for the *mode* of drawing was always the same—obtained especial favor, it would be repeated several times in rapid succession. Then if it had shown signs of being no longer popular, an entirely new scheme was promulgated. What the scheme really was could be readily known to all who cared to know, for it was usually set out in most ample detail in the Act of Parliament; or I ought to say (in the earlier period of lotteries at least), in some obscure sections of an Act of Parliament. The office-keepers were well informed, therefore, in this respect, before the general public could be, and they speculated on the probable popularity or otherwise of any given scheme.

INSURANCE OF LOTTERY HAZARDS.

These same office-keepers next devised an ingenious system of insuring the chances of drawing. For instance, the owner of a ticket might insure (*a*) whether it would turn up a prize or a blank, (*b*) whether it would be a first or a last drawn ticket, to either of which special advantages were usually attached, (*c*) whether it would be drawn on any particular day, or (*d*) before any given hour of a particular day; (*e*) whether the prize should be above or below a particular amount, and on a series of similar incidents, numbering in all about 40 different chances. The office-keeper would usually insure for or against any of these chances. In many cases he had data to guide him, and by keeping a daily record of the drawings, as the lottery proceeded, he could in some instances, make a near approximation as to later combinations of chances. A person too poor to speculate in an original ticket, or even a share of one, had thus a chance of speculating upon a favourite number, and indeed of making many ventures in one and the same lottery. The drawings frequently extended over nearly a month. Only a given number of hundreds of tickets could be properly drawn in a day, for these had all to be filed, and the numbers recorded in a systematic manner, in books prepared for the purpose.

Latterly persons who did not hold proper lottery licences, granted to the lottery-office keepers at £50 per annum, were not allowed to take a record of the numbers drawn as the lottery proceeded.

PROFITS.

It is very doubtful if the nation, on the whole, made any considerable profits upon its lottery operations; and it must be granted that

profit was not the primary idea in the initiation of this system. The control of the money, to be used for the necessities of the Exchequer, was, as I think is already made clear, the first object. In many cases a large apparent direct loss resulted. The loss items shown in the table have to be qualified by a remembrance of the fact that they include considerable items for interest—which would have been payable on loans in any other shape. On the other hand the “profit” items have to be debited not only with the cost of the conduct of the particular lottery from which they were derived, but must also be set against all the lotteries which yielded no profits, as also those that resulted in a loss. The figures in the table are not designed for exact computation : they are approximate only. If the 90 lotteries enumerated therein averaged in cost but £12,000 each, over one million sterling was thus expended. Probably many other items of expenditure were incurred in various ways. On the other hand some revenue resulted from licenses to office-keepers, stamps, &c., &c., and, perhaps, a considerable item on lost tickets.* The subject would require much further investigation before an authoritative opinion on the point could be expressed. McCulloch, in his *Treatise on Taxation* (1845, p. 314), says: “The lottery never produced any considerable amount of revenue.”

The first 69 lotteries in the table given supply the following unadjusted results:—

| | £ | s. | d. |
|------------------------------|------------|----|----|
| Subscriptions received | 53,632,891 | 3 | 4 |
| Prizes awarded | 49,877,000 | 0 | 0 |
| Gross balance | £3,755,891 | 3 | 4 |

against which expenses have to be charged.

REPRESSIVE LEGISLATION.

From the moment it was determined that lotteries should be employed for fiscal purposes, two conditions were seen to be necessary : (1) That no power short of Parliament should be authorised to sanction the organisation of a lottery within the kingdom; and (2) That foreign lotteries must be rigorously excluded. Accordingly, in 1698 there was enacted a measure (10 William III., c. 23) for the suppression of lotteries—meaning all other than those specifically sanctioned by the State—and this was followed by a long series of other enactments directed to the same end, and also directed against all the subterfuges whereby the earlier repressive measures were sought to be evaded. I do not propose to follow up this branch of the subject on this occasion. The Act of 1698 still remains in force.

* In very many of the Lottery Acts power is given to issue duplicate tickets and orders for those which had become lost, burnt, or otherwise destroyed.

DISCONTINUANCE OF STATE LOTTERIES.

At a period when State lotteries had come to yield an almost permanent profit to the Exchequer, they were discontinued. This was not indeed the result of any sudden impulse. The belief had gained ground that they tended to work much mischief amongst the less educated classes, and that, in general terms, they lowered the moral status of the nation. That view was strongly urged alike in and out of Parliament; and such a sentiment, whether well founded or not, constantly reiterated, became irresistible in a constitutionally governed nation.

I have no intention of raising any controversy upon the point here. I see other nations—Italy, Spain, Portugal, still employing the machinery of lotteries for fiscal purposes. The lower strata of their population are deemed to be, and probably are, very ignorant. but in habits of fugality, as also in the matter of temperance, can they not compare favourably with our own? In some of the German cities—Hamburgh, and I believe Vienna—lotteries are retained as a branch of municipal finance.

Readers of Adam Smith will remember that in his *Wealth of Nations* he did not speak in a condemnatory manner of lotteries. He did, indeed, indicate that in their very nature they could not be conducted on principles of equity—

“The world neither ever saw, nor ever will see, a perfectly fair lottery, or one in which the whole gain compensated the whole loss, because the undertaker could make nothing by it. In the State lotteries the tickets are really not worth the price which is paid by the original subscribers, and yet commonly sell in the market for twenty, thirty, and sometimes forty per cent. advance.” (*Vide* Book I., c. x.)

It is clear that this famed political economist had not made himself familiar with the details of the early English State lotteries, or he would not have written the first sentence as here expressed. See early portion of preceding table.

Sinclair, in his *History of the Revenue* (iii., p. 288), after a careful review of our entire system of taxation up to the date at which he wrote (about 1790), says :—

“Various schemes have been published for extracting money from the pockets of the people by means of lotteries. At present the usual State lottery of the year produces a very considerable profit. But it is believed that in so gambling and luxurious an age, and in a country accustomed to all the risks of mercantile speculation, *lotteries are a resource of which the public might avail itself to a much greater extent*, and by which an income of perhaps a million per annum might be acquired.”

In furtherance of this view he was for making a compulsory lottery, to which every householder and landholder should contribute. I will quote the passage—a short one—entire :

“Those taxes, it has been well observed, are always the least obnoxious, where something is got, or may possibly be obtained, by the individual who pays them. The duty on letters [postage] is hardly ever complained of because no person is

liable to the tax without receiving something in return ; and on the same principle it is apprehended *that if a Guinea Lottery were established, and every householder for every five windows which his house contained, and every land-owner for every ten pounds he paid in land-tax were obliged to take one ticket, a profit of one million would accrue to the State after paying the necessary prizes. Perhaps there is no mode by which that sum could be raised with less murmur and objection.* The usual complaints against lotteries would be urged by the timid and the prejudiced ; *but there is no plan equally productive against which as many plausible objections might not be adduced."*

I believe there is no country wherein the compulsory system has yet been tried.

The lottery system was made the subject of a Parliamentary inquiry in 1808, and the House of Commons Committee concluded its Report as follows :—

"The pecuniary advantage derived from a State lottery is much greater in appearance than in reality, when we take into consideration the increase of poor-rates, arising from the number of families driven by speculations in the lottery, whether fortunate or otherwise, to seek parish relief; the diminished consumption of excisable articles during the drawings, and other circumstances ; they may well be considered to operate as a large deduction from the gross sums paid into the Exchequer by the contractors. On the other hand, the sum raised upon the people is much greater in proportion to the amount received by the State than in any other branch of revenue.

"No mode of money raising appears to your committee so burthensome, so pernicious, and so unproductive ; no species of adventure is known where the chances are so great against the adventurer ; none where the infatuation is more powerful, lasting, and destructive.

"In the lower classes of society the persons engaged, whether successful or unfortunate, are generally speaking either immediately or ultimately tempted to their ruin ; and there is scarcely any condition of life so destitute and abandoned that its distresses have not been aggravated by this allurements to gaming held forth by the State."

It may be unnecessary to remind the members of this Institute that in every case of a foreign or other loan raised in this country on a subscription less than par, and then redeemed *by a drawing* at par, a lottery is being enacted. And do not such occurrences take place nearly every month in the year ?

Yet all lotteries in the United Kingdom are, by Act of Parliament, abolished, a special legislative exemption being made in favour of Art Unions !

DISCUSSION ON MR. WALFORD'S PAPER.

Mr. HILTON PRICE : I have a few notes with me I might make some use of. First of all I will call attention to page 72. Mr. Walford says that the amount of the lottery is set down at £150,000. I think that very likely there is a mistake in the reading of it, because we find in Francis's *History of the Bank of England* that the bank first undertook to receive contributions to a lottery of 150,000 tickets of £10 each in 1710, so that probably that £150,000 should be tickets and not pounds. Then on page 75 Mr. Walford says that Charles II. confiscated all the money belonging to the goldsmiths, amounting to $3\frac{1}{2}$ millions. There I rather think he is in error, as I have had an opportunity of seeing the balances that the different bankers or goldsmiths had in the Exchequer on 2nd January, 1672, the day on which it was closed, and they amounted to £1,828,526, for which he gave them a bond ; but some five years after they got some interest, and finally the balance formed the first charge with which the National Debt was started in 1694. I find by referring to old ledgers that there was a 5 per cent. lottery annuity paid at the bank in 1717, a 4 per cent. lottery annuity in 1747, and a 4 per cent. lottery annuity in 1768. The dividends were paid at the Bank of England, and were credited to the customers' accounts at that time in the same manner as the bankers do the interest on Consols to this day. Occasionally, between 1718—1720, I see entries of lottery interest received from the Exchequer, but I cannot trace which particular lotteries were paid at the Exchequer ; but certainly those I have already mentioned were paid by the Bank of England. But then there were many other lotteries. I have observed several entries for the purchase of benefit tickets, Dutch tickets, and malt tickets ; and there was another loan in 1711 called the Lottery Classis, and another called the Classis Lottery, possibly the same. In 1721 I notice that 1,000 lottery stock was sold at $102\frac{1}{4}$, which realised £1,022 10s. In 1724 a lottery certificate cost £15, and in 1729 two lottery tickets, blanks, were sold for £14 8s., four blanks, a prize, and 20 lottery tickets of the 1726 lottery, sold for £34 8s. Then in 1720 there was some Exchequer interest received on two prizes—£110—due Lady Day, £4 8s. There was another bank lottery annuity in 1719 and in 1720, that I did not mention before. I see that two blank tickets in the Malt Lottery—I do not know which one that might be, but it was called 1722—fetched £16, £8 each. The blank tickets in 1723 cost about £7 each. I see in 1726 there was a prize paid by the bank, in the lottery of 1724, amounting to £71 16s. ; and further, that the brokers charged 6d. a piece for selling tickets. I also observed entries of credits in the 1,400,000 Lottery, in y^e 500,000 Lottery, &c., instead of stating the lottery of such and such a year.

Mr. HAMMOND CHUBB : I do not want for a moment to decry the subject which Mr. Walford has dealt with in his paper. I think it very desirable indeed that it should find a record in the *Journal* of the Society, supplemented as it has been by the antiquarian knowledge of our friend Mr. Hilton Price ; but I cannot help wishing that the paper in one direction, at least, had been rather longer. It appears to me that two considerations have weighed with Mr. Walford ; first, a desire to keep his paper within the shortest limits ; and secondly, a feeling that any increase would have led to the introduction of matter somewhat out of character with the rather dry subjects that are brought before this Institute. Lotteries must, I imagine, be regarded as banking operations carried on with a view to profit. Banking operations of the present day are very prosaic affairs, and consist in their primitive form of dealings with other persons cash, and rendering services in connection with it. But they meet the needs of the age, and yield a profit. So the old lottery banking operations yielded their profit ; for they were accurately designed in their day to meet the requirements of the people. Mr. Walford has pointed out that infinite skill was bestowed on the effort to hit off the exact phase of speculative operations which the varying caprices of the people required, and the profits apparently varied accordingly. The result at first was to give the Government little more than the use of the money during the time it was in their hands. As the taste for speculation grew, and the circle of clients widened, the profit increased, until at last these lotteries began to be looked upon as a regular source of income, to the extent of about a million a year. I do not know, if we were to have such a thing as a Government lottery now, whether the profit would be great, but I imagine that for a time, at least, this would be the case ; for whereas the banking operations of the present day are chiefly confined to the better classes of the people, these old operations seem just calculated to get money from every class in the country. There would be the rich, the tolerably well-to-do, the poor, and the vicious from all classes. They may be regarded as schemes for getting money by trading on men's ambition and worst passions. They are admirably calculated for the purpose. They do it now in other countries, and there can be little doubt that a good Government lottery here, carried out by one of the first banking institutions, would be a very profitable affair. But the question of course comes, Is it worth while ? Would it not be compensated by something calculated to detract from the profit ? I do not suppose that there is any difference of opinion on the question in this room,—that such an operation in the present day would sooner or later be found to be demoralizing and to be made at the expense of legitimate profits in other directions. In the injuries it would cost the country legitimate business would suffer. This is just where I think the paper should have gone a little further

than it does. The only point where Mr. Walford touches on the subject is in page 84. He says there that he has no intention of raising any controversy on the "sentiment" that lotteries tend to lower the moral status of the nation, just as if a controversy could be raised on such a matter. Then he points to Italy, Spain, and Portugal—rather unfortunate nations to point to—where he admits the people are very ignorant, but where he seems to think these things do no particular harm. And the thought arises that if the paper be left to go forth from an Institute like this, without the least comment on the morality of these lotteries, it would be a misfortune. It may be said that it is impossible in the present day there should be any fear of these things taking place in our country, but they seem to be coming nearer our shores than before. A little while ago these lotteries were kept away as far as Hamburgh, but now it is said they are coming as near as Holland. Well, we get a good many noxious things that way, and these things are catching; and it would be well if this Institute—and it may be its only opportunity—were to express its opinion very distinctly. One would like to have seen some further extracts from the report of the House of Commons. That which the paper contains merely says that the thing was not so profitable as it was supposed to be, even as a banking operation, but I suppose the report must have contained much stronger argument than that. Since the subject is before this Institute, and very properly so, there should, I think, be some strong expression of opinion against the whole system of these lotteries, and it would have been well, I think, that the paper itself should have contained it.

MR. FREDERICK HENDRIKS : I should like to make a few remarks to this meeting, although it is with some diffidence, as I have not been able to attend sufficiently early to hear the whole of Mr. Walford's interesting paper. But, on glancing at its contents, I confess to disappointment that it should contain any conclusions apparently favourable to so illegitimate and immoral a system of national finance as that of lotteries. The idea of it arose, I think, in the Republics of Venice and of Genoa, long before the Dutch tried anything of the kind. In fact, I should say that the great English State Lottery of 1693 really gave Holland the example of trying the same thing on a large scale. But it was in the Italian Republics just mentioned that it really originated, and there it had received its first impulse, the election of the Doges and of the Members of Council and other State officers having been from a very ancient period determined by a lottery or drawing of names from an urn. In Holland, in 1694, the example of London was followed at Amsterdam and Amersfort, and was taken up with much alacrity by the public. Even then, however, an Italian writer, Gregorio Leti, had the boldness and honesty to denounce the corrupting effects of lotteries. His *Criticism on Lotteries*, printed in two small volumes,

in a French translation, with curious remarks directed against the author himself, appeared in 1697, and is well worth reading. If there was but little excuse, even then, for a State to resort habitually to lotteries as a means of raising funds that appealed to a popularization of gambling amongst the mass of the people, there is not the same excuse now, when funds can always be raised by methods free from such evils as this. There was a further evil—that it was not the State, but rather the lottery agents or undertakers who purchased the right of disposing of the tickets at unfair prices or premiums, who were the greater gainers. The lottery-office keepers and advertisers put on 30 or 40 per cent profit, and puffed up the tickets to a much higher premium than that, so that the public was systematically cheated, and the larger the number of tickets taken by any individual, the greater was generally his loss, the chance of gaining the big prize being of course the temptation. The bad spirit of gambling was made to pervade all classes, so that the results became so pernicious that all respectable governments were glad to abandon such a system of raising funds for the State. England was the first country to put an end to such an abuse of all sound principles, and the last lottery drawn on account of our Government was in 1826. It is somewhat remarkable that such old economists as those cited by Mr. Walford, namely, Adam Smith and Sir John Sinclair, should have written as they did in terms which look like approval of so bad a system. Even if we turn to the pages of early writers on the National Debt, for instance, the work of Dr. Robert Hamilton (1814), we find them condoning the immorality of the thing by alleging that the profit which the public draws from lotteries may be considered as a tax on the spirit of gaming, and added to the amount of the other taxes. The Government of France, generally an enlightened one in all that concerns finance, followed the example of England by abolishing all State lotteries from the year 1836; and if such illegitimate methods of finance are still allowed to be resorted to by some continental cities, such as Hamburg, Vienna, &c., and even if the Dutch are, as Mr. Walford states, going to reintroduce it to help her fiscal needs, that is not the slightest argument for our viewing it with any favour. I am sure it will receive none in this building to-night, and that the majority of members of this Institute would be entirely opposed to any methods of finance which have the slightest analogy with the lottery system.

MR. THEODORE CARTER : We have heard a great deal of lotteries from an antiquarian point of view, perhaps it may be interesting if I say a few words about lotteries in the present day, having resided in Portugal, one of the countries referred to by Mr. Walford in his paper, and being connected with the banking system of South America. It is more than 20 years since I first went to Lisbon and saw the lottery system in existence, and it exists there still. The lotteries in Portugal are not used for Government or Municipal

fiscal purposes, but are undertaken for the benefit of asylums and infirmaries. They pay a tax of 15 per cent. to the Government, and to that extent the Government benefits by them, the asylums and infirmaries take 12 per cent. and the remainder is returned in prizes. The public loses, therefore, 27 per cent., but of this, 12 per cent. may be said to take the place of our "voluntary contributions" to hospitals. What Mr. Walford treats as history, so far as this country is concerned, may be seen any day in Portugal and other countries where lotteries are in existence. The offices are open in the principal streets of Lisbon—there is a very noted one in the Rua do Arsenal, a very busy thoroughfare: at the side of the doorway there are large posters with rows of numbers, these are the lucky ones drawn by that agency, and are put there as an inducement for the public to invest at that office. When a large prize is drawn, the number is printed in elaborate style, framed and placed in a conspicuous place in the office. Tickets are divided, and portions are sold for a very few pence, so as to suit the working classes. For a few days before the drawing takes place, men go about the streets crying out "Quem quer bilhetes," "Who wants tickets?" and "Amanhã anda a roda." "To-morrow the wheel goes round." After the drawing is over, one sometimes sees a carriage going about, full of people decked out and committing sundry extravagances, and one learns it is a party who have drawn a big prize. There is of course the usual amount of superstition in the selection of numbers, and I was once asked, never having bought a ticket before, to invest in one for a friend. I am sorry to say my choice was not a success for him. These lotteries are regularly advertised in the official *Gazette*, and sometimes buyers advertise the tickets they have bought in order to save dispute should it win a prize. In our correspondence we see orders for tickets passing to and fro, and occasionally we have to ensure on our ordinary specie policy, tickets that have gained prizes and are being sent by post, or steamer, for encashment. As to the effect of these lotteries in Portugal I can say nothing. I do not suppose the poorer classes are more prudent with their gains than our own people were in times gone by.

Mr. BILLINGHURST: There is, I think, one point on which the paper is incomplete. It does not give us the mode of wording these lotteries—the price of issue, and their benefits to the Government. We have a long list given, in which is stated the amounts authorised to be raised, and the amounts distributed in prizes and blanks, leaving no surplus at all in some cases, though at the end of the list there are some surpluses. But what was the benefit to the Government? And what was the use of raising these loans? We have no information given to us as to their operation, and can only assume that the money was raised and used by the Government for a certain period, and then returned to the subscribers, but that the subscribers could not get back exactly what they gave, because as some had prizes others must

have had less than they subscribed. I think it would be interesting—at least it would add to our knowledge—if some information were given to us as to the mode and operations of these loans, and I fail to see from the paper what was the benefit to the Government.

Mr. BOWEN : On the subject touched upon by the last speaker I may say that we have heard what was the profit or the loss on these loans ; but I think if we had been told what was the immediate profit as distinct from the ultimate profit or loss, we should understand the working of these lottery loans much better. People, as I take it, received their prizes to a great extent in stock, which they realised at the market price of the day, getting what they could, and consequently the Government always received a certain amount of money, and they received their money at once, whereas they paid the people in stock, or I.O.U.'s, to be paid perhaps 20 years afterwards. These lotteries were to raise the wind, and the Government got the cash out of the pockets of the people by promising to repay with 4 per cent. or 3 per cent. interest 10 or 20 years afterwards. If Mr. Walford could show us what the Government actually got in money on the spot, and also the ultimate profit and loss—distinct from each other—and what interest the stock given for prizes bore, it would add to the interest of the paper.

Mr. TAYLOR : It appears to me that Sir Erskine May, in his *Constitutional History of England*, answers the question asked by Mr. Billingham, why the Government found it expedient to encourage these lotteries so much in the 18th century. The answer is that they were a prolific means of bribing members of Parliament, by placing in their hands shares which, it was practically certain, would so rise in value as to secure for the original holders a very appreciable profit. Perhaps I may read a few lines from Sir Erskine May's book, which will throw a good deal of light on this question :—

“ Lotteries were then a favourite source of revenue ; and it appeared from the list of subscribers in 1769 and 1770, that shares had been allotted to several members of Parliament. On the 23rd April, 1771, Mr. Seymour moved for the list of persons who had subscribed to the lotteries of that year, alleging that it appeared from the list of 1769 that twenty thousand tickets had been disposed of to members of Parliament, which sold at a premium of nearly £2 each. His motion was refused. On the 25th April Mr. Cornwall moved to prohibit any member from receiving more than twenty tickets. He stated that he was ‘certainly informed’ that fifty members of Parliament had each subscribed for five hundred tickets, which would realise a profit of £1,000, and secure the Minister fifty votes. His motion also was rejected.”

This passage seems to furnish, at all events, one reason why the Ministry of that period might find it expedient not to discourage such lotteries. The motions Sir Erskine May refers to were, as we have seen, rejected ; but one of the first things that Pitt did, when he came into office, was to put a stop to this mode of carrying on business, which he had denounced when in opposition. Perhaps I may mention that lotteries may be traced much further back than

was suggested by Mr. Hendriks. In the time of the Roman Empire lotteries were held, which, in their general character, could hardly be distinguished from those of the 16th and 17th centuries. Perhaps I may also cite, as of some interest, one or two entries in Evelyn's Diary, which have a direct bearing on this subject. He speaks of lotteries set up, after the Venetian mode, by a man of the name of Neale. One gentleman to-night spoke as though lotteries had been invented in Italy in mediæval times; but, as I have said already, they were certainly known to students of classical history as having been held in the days of the Roman Empire. A vivid but unpleasant account of the man Neale, mentioned by Evelyn, is given in Macaulay's *History of England*.* Evelyn says:—

"7 July, 1664.—To Court, where I subscribed to Sir Arthur Slingsby's lottery. 14 Novr., 1693.—In the lottery set up after the Venetian manner by Mr. Neale, Sir R. Haddock, one of the Commissioners of the Navy, had the greatest lot, £3,000; my coachman £40." On 24 April, 1694, Evelyn speaks of 'Lotteries for money to carry on the war.' 11 June, 1696.—Banks and lotteries every day set up. 7 May, 1699.—All lotteries, till now cheating the people, to be no longer permitted than to Christmas, except that for the benefit of Greenwich Hospital."

I thought these two or three extracts from Evelyn's Diary would be of interest. But my two main reasons for rising were, first to give Sir Erskine May's suggestion as to one of the reasons why these lotteries were so popular in the 18th century, and secondly, to say that, in any case, however bad the lottery system may be, and no one can think worse of it than I do, yet by means of a lottery was raised, in 1753, the money grant for the foundation of the British Museum, and I am rather surprised to see no mention of that lottery in Mr. Walford's list, though the Act of Parliament has a title which in no way suggests provisions for a lottery. It was, as regards results, altogether an exceptional lottery—its provisions are interesting and significant—and I am sure Mr. Gray will take an opportunity of reminding Mr. Walford of it, so that he may put it in his list, because in that great institution, the British Museum, lotteries have a permanent, and, I think every one will admit, a very respectable monument.

The CHAIRMAN: I do not know that I have much to say in summing up what has passed, but I should just like to supplement one or two of Mr. Hilton Price's facts by a reference to extracts from our own old ledgers for 1719, because they will just show what was paid for tickets. There, I find, were six tickets sold at £2 16s. 10d. each in the 1719 lottery in July, and in the following September there is an entry of 32 tickets at £2 18s. 9d. each on the same account. The entry does not specify what each ticket was nominally worth. Then there was another form of dealing which

* Pp. 84-5, Vol. IV., Ed. 1875.

has been alluded to. In October in the same year an individual was paid £50 for the refusal of 100 lottery tickets, which looks as if there was a sort of "option" dealing.

Mr. HILTON PRICE : The word "option" I have seen mentioned in one ledger.

The CHAIRMAN : I think Mr. Hilton Price mentioned the Malt Lottery, in 1723. In that lottery I find four prizes drawn on one account, of £20 each, producing only £18 12s., as if there had been a discount on them. Almost every account that I looked into in those years showed lottery tickets were bought or sold; and there are also special ledger headings opened for lottery accounts. Then, in reference to Mr. Chubb's remarks, I believe it would be almost superfluous in these days for the Institute to enter any protest against raising money by lotteries. I think we may fairly say they are dead, practically, so far as this country is concerned, and that the question would never arise in the British House of Commons as to raising money by such means. They are perfectly odious, in any shape or form. The wording, moreover, of the Report of the House of Commons Committee, in the last paragraph quoted by Mr. Walford, is so very strong in virtuous reprobation of them, that that, in itself, would be fatal to any proposal for their revival. I do not know whether it goes on still, but some gentlemen here may have seen the drawings in operation, as I have, in Rome, under the sanction of the Church and the authorities of the then Papal States, on the balcony of a palace. With great formalities the priest comes to the urn or wheel, and blesses it, and then a boy is blindfolded, and draws the tickets, which are showered on the crowd, and great excitement succeeds. But this only supplies one view of the demoralising nature of such an institution. It now only remains for me to ask you to pass a vote of thanks to Mr. Walford, through his representative here, Mr. Gray, for his very interesting paper.

Mr. GRAY : On Mr. Walford's behalf I have to thank you very much for the vote you have just passed. Before sitting down I may be allowed to make one remark. Two speakers have referred to Mr. Walford's paper as rather advocating lotteries. I did not notice it in reading it, and I have since re-read it, and I think he guards himself from expressing such an opinion. I know, from having been with him when he was writing the paper, that his intention was to make it historical, and he says in the paper, "I have no intention of raising any controversy." The idea that he has favoured lotteries may arise from some of his quotations, but in these he appears to me to be quite impartial, giving some in favour and some also in strong condemnation of lotteries. I know he took great pains and made careful research of original documents. He has himself an extensive collection of books, but he had, with much trouble, to obtain many old Acts, so that he might give the exact words. It has been asked

what an *omnium* is. I am old enough in the service of the Bank to know what an *omnium* is. In 1855, when a loan of £16,000,000 was raised to defray the expenses of the Crimean war, there was an *omnium*. For every £100 paid by a subscriber to that loan, he had £100 in Consols, and scrip for that £100; but he also had scrip for an annuity of 14s. 6d. per annum for thirty years. The two scrips combined were called an *omnium*, presumably because it was all the subscriber got for his £100. I assisted in the preparation of those scrips—one was printed in black ink, and the other in red—and they were issued together in exchange for the allotment letters, and afterwards dealt in either together or separately.*

* Since the meeting I have found a better example of an *omnium* in the case of a loan issued under the authority of the Act 5 Geo. III., cap. 23. The terms of this loan were that each subscriber of £100 should receive two-fifths of that amount of Reduced 3 per Cent. Annuities, two-fifths in lottery tickets of £10 each, and one-fifth Reduced 3 per Cent. Annuities, convertible at his option into an annuity for a life on the tontine principle. For each of these three securities a separate scrip was issued, and these three scrips were together called an *omnium*.
—S. O. G.

**THE ANNUAL REPORT OF THE COMPTROLLER OF
THE CURRENCY OF THE UNITED STATES,
FOR THE YEAR ENDING 1ST NOVEMBER, 1884.**

ALTHOUGH the well-known name of the Hon. J. J. Knox has disappeared from this Report, there is no lack in the variety of matter treated in it. Indeed, it may be thought that in the range of subjects brought under review, and in the vigour and freedom with which his opinions are expressed, Mr. Henry W. Cannon, the new Comptroller, falls in no way behind his predecessor. He cannot be said to pass under review the whole banking system of his country, for of the three classes into which the banks there are divided, two of them escape his powers. The State banks, trust companies, and savings banks, forming one division, and numbering 852, do not come under his authority, and only furnish incomplete returns; and of the private bankers it is now impossible to obtain authentic information, as the law requiring them to make returns for taxation has been repealed. Nothing can be given in regard to them later than 1882, and it would seem that they, under their liberty, are relapsing into a position from which, at least, one English private banker has seen fit to emerge. Dealing with the 2,664 National banks, which form the third division, the following table (page 2) is of interest, in showing at a glance the position of these institutions over a considerable lapse of time.

These figures show a keener competition by a larger number of banks for a diminished business, and also the need they have felt for strengthening their position. Thus, the volume of business in 1884 is actually less than in 1881, although there are 532 more banks to do it, and the specie has been considerably augmented. Since 1877 there has been an increase in specie held of more than £21,000,000. Comparing the year 1884 with 1883 the Comptroller observes that the reduction of liabilities amounting to nearly £19,000,000 (which includes a general reduction of loans by the banks of nearly £12,600,000) was doubtless occasioned by the financial troubles of May, and the general depression of business. During the same period their cash resources were increased by more than £4,000,000 of specie.

**COMPARATIVE STATEMENTS OF THE NATIONAL BANKS FOR
ELEVEN YEARS.**

| | Oct. 3, 1874. | Oct. 1, 1877. | Oct. 1, 1878. | Oct. 2, 1879. | Oct. 1, 1880. | Oct. 1, 1881. | Oct. 2, 1882. | Oct. 2, 1883. | Sep. 30, 1884. |
|---------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| | 2,004 banks. | 2,080 banks. | 2,083 banks. | 2,048 banks. | 2,090 banks. | 2,122 banks. | 2,269 banks. | 2,501 banks. | 2,684 banks. |
| RESOURCES. | <i>Millns.</i> | <i>Millns.</i> | <i>Millns.</i> | <i>Millns.</i> | <i>Millns.</i> | <i>Millns.</i> | <i>Millns.</i> | <i>Millns.</i> | <i>Millns.</i> |
| Loans | 954.4 | 891.9 | 884.0 | 878.5 | 1,041.0 | 1,173.8 | 1,243.2 | 1,309.2 | 1,348.2 |
| Bonds for Circulation ... | 383.3 | 336.8 | 347.6 | 357.3 | 357.8 | 363.3 | 337.6 | 331.4 | 337.4 |
| Other U.S. Bonds ... | 28.0 | 45.0 | 94.7 | 71.2 | 43.6 | 56.5 | 37.4 | 30.7 | 30.4 |
| Stocks, bonds, &c.... | 37.8 | 24.5 | 36.9 | 39.7 | 48.9 | 61.9 | 66.2 | 71.1 | 71.4 |
| Due from Banks ... | 134.6 | 129.9 | 138.9 | 167.3 | 213.5 | 230.8 | 198.9 | 208.9 | 194.2 |
| Real Estate | 83.1 | 45.2 | 46.7 | 47.8 | 49.0 | 47.3 | 46.5 | 49.2 | 49.9 |
| Specie | 21.2 | 22.7 | 30.7 | 42.2 | 109.3 | 114.2 | 102.9 | 107.6 | 128.6 |
| Legal-tender Notes ... | 80.0 | 66.9 | 64.4 | 69.2 | 56.6 | 52.2 | 62.2 | 70.7 | 77.0 |
| National Bank Notes ... | 18.5 | 15.6 | 16.9 | 16.7 | 18.2 | 17.7 | 20.7 | 22.7 | 22.2 |
| C. H. Exchanges ... | 109.7 | 74.5 | 82.4 | 113.0 | 131.1 | 159.2 | 206.4 | 26.4 | 66.2 |
| U.S. Cert. of Deposit ... | 42.8 | 33.4 | 32.7 | 26.8 | 7.7 | 6.7 | 8.7 | 10.0 | 14.2 |
| Due from U.S. Treasurer | 20.3 | 16.0 | 16.5 | 17.0 | 17.1 | 17.5 | 17.2 | 16.6 | 17.7 |
| Other Resources ... | 18.3 | 28.7 | 24.9 | 22.1 | 23.0 | 26.2 | 28.9 | 28.9 | 23.6 |
| Totals | 1,877.2 | 1,741.1 | 1,767.3 | 1,868.8 | 2,105.8 | 2,358.4 | 2,399.8 | 2,372.7 | 2,379.5 |
| LIABILITIES. | | | | | | | | | |
| Capital Stock | 493.8 | 479.5 | 466.2 | 454.1 | 457.6 | 463.8 | 463.1 | 506.7 | 524.2 |
| Surplus Fund | 129.0 | 122.8 | 116.9 | 114.8 | 120.5 | 123.1 | 133.0 | 142.0 | 147.0 |
| Undivided Profits ... | 51.5 | 44.5 | 44.9 | 41.3 | 44.1 | 56.4 | 61.2 | 61.6 | 62.2 |
| Circulation | 334.2 | 291.9 | 301.9 | 313.8 | 317.3 | 320.2 | 315.0 | 310.5 | 289.6 |
| Due to Depositors ... | 683.8 | 630.4 | 668.4 | 726.9 | 887.9 | 1,063.1 | 1,134.9 | 1,063.6 | 993.0 |
| Due to Banks | 175.8 | 161.6 | 165.1 | 201.2 | 267.9 | 294.9 | 259.9 | 270.4 | 246.4 |
| Other Liabilities ... | 9.1 | 10.4 | 7.9 | 6.7 | 8.5 | 11.9 | 13.7 | 14.9 | 15.8 |
| Totals | 1,877.2 | 1,741.1 | 1,767.3 | 1,868.8 | 2,105.8 | 2,358.4 | 2,399.8 | 2,372.7 | 2,379.5 |

The difficult question of the basis for a note circulation, in view of the rapid contraction of the bonded debt of the United States, again occupies much of the Comptroller's attention. He says:—

“Various plans have been advanced to perpetuate the issue by national banks of a circulation which should be safe for the public and reasonably profitable to themselves, both during the period of the reduction of the bonded debt of the United States and after such debt shall have been paid, it having been suggested that under the latter circumstances circulation might be issued upon securities other than United States bonds.

“The time of the final payment of the debt is, however, yet distant, and with appropriate legislation there will probably be for many years no lack of bonds as a safe basis of circulation. Moreover, no feasible plan with other security has as yet been suggested, affording a sound currency redeemable on demand in specie, and the Comptroller believes that it is extremely doubtful whether after their experience for the last twenty years with the safe and convenient

currency issued by the national banks, the people would be satisfied with a currency based on any security other than United States bonds."

Unfortunately this serious question rests still upon future legislation, which must be "appropriate." In the following passage, which occurs after a review of several measures which have been proposed, he says further :—

"In concluding this subject the Comptroller wishes to have it distinctly understood that he is not in favor of any measure which will cause inflation. He is of the opinion that the present aggregate paper circulation, made up of legal-tender and national bank notes, and of gold and silver certificates, is ample for all the needs of business. He believes, however, that the sudden contraction of national bank circulation, which without appropriate legislation is imminent, will seriously embarrass the business of the country, and that if this contraction is permitted to go on, it may result in the entire discontinuance of the issue of notes by national banks. The Comptroller believes that this form of currency, which can be increased or diminished in accordance with the natural laws which control business, should be continued in preference to any other now permitted by law."

The circulation based upon silver naturally occupies also a considerable space, and the following paragraph leaves no doubt as to the new Comptroller's opinion of the present law. He says:—"The law which stamps 412½ grains of silver and arbitrarily insists upon its circulation as a dollar, *with unlimited legal-tender qualities*, when its true value as indicated by the market price of silver is but 85·2 cents, is unworthy of this nation, and will sooner or later bring upon us financial trouble and disgrace." And in regard to its effect, he says it "has already caused the hoarding of gold, and will eventually drive it from the channels of trade, thereby causing a practical suspension of gold payments. There are many indications of this, notably, the uneasiness in financial circles in June and July last, caused by the reserve of gold in the Treasury falling so near to the point at which, under the law, the issuance of gold certificates ceases. It is also to be observed that during the present year the national banks throughout the country have increased their holdings of gold, including certificates, in the sum of \$19,615,350." If it is decided to continue a circulation based on silver, Mr. Cannon prefers that it should be on bars of silver, to be valued from time to time. Under the present law (of February 28th, 1878), to November 1st, 1884, \$184,780,829 (£36,946,000) had been coined, and of these, \$142,926,752 (£28,585,000) remained in the Treasury, leaving only \$41,804,104 (£8,360,000) in circulation.

The position which these dollars are taking in comparison with the amount of gold and silver held in the United States Treasury,

including the amount held to protect gold and silver certificates, is shown by the following table:—

| Period. | Silver. | | | Gold Coin and Bullion. | Total Coin and Bullion. | Per cent. of | |
|----------------|-------------------|-------------------------|---------------|------------------------|-------------------------|--------------|-------|
| | Standard Dollars. | Other Coin and Bullion. | Total Silver. | | | Silver. | Gold. |
| Sept. 30, 1876 | \$... | \$ 6,029,367 | \$ 6,029,367 | \$ 55,423,059 | \$ 61,452,426 | 9.8 | 90.2 |
| Sept. 30, 1877 | ... | 7,428,454 | 7,428,454 | 107,089,529 | 114,464,983 | 6.5 | 93.5 |
| Sept. 30, 1878 | 12,155,205 | 18,777,937 | 27,933,142 | 136,086,303 | 163,969,444 | 17.0 | 83.0 |
| Sept. 30, 1879 | 21,806,774 | 21,173,023 | 52,979,797 | 169,827,571 | 222,807,368 | 23.8 | 76.2 |
| Sept. 30, 1880 | 47,784,744 | 30,878,286 | 78,663,030 | 135,641,450 | 214,304,480 | 36.7 | 63.3 |
| Seps. 30, 1881 | 66,092,667 | 28,945,297 | 95,037,964 | 174,861,348 | 269,999,307 | 35.3 | 64.7 |
| Sept. 30, 1882 | 92,228,649 | 30,769,705 | 122,998,354 | 152,789,106 | 275,787,460 | 44.6 | 55.4 |
| Sept. 30, 1883 | 114,587,372 | 31,858,072 | 146,445,444 | 206,180,543 | 352,575,987 | 41.6 | 58.5 |
| Sept. 30, 1884 | 142,068,787 | 34,408,666 | 176,467,353 | 217,904,043 | 394,371,396 | 44.7 | 55.3 |
| Nov. 1, 1884 | 142,926,725 | 33,993,254 | 176,919,979 | 222,536,360 | 399,456,339 | 44.3 | 55.7 |

It is estimated that the mines in the States have produced in the past year about £5,800,000 in gold, of which about £728,000 has been retained in the country. And the following table, based on estimates of the balance of the product of the mines over a long period, and the excess of imports over exports, gives a general estimate of the amount of coin and currency in the country at the periods indicated.

| | Jan. 1st, 1879. | Nov. 1st, 1881. | Nov. 1st, 1882. | Nov. 1st, 1883. | Nov. 1st, 1884. |
|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Gold Coin and Bullion | 278,310,126 | 550,922,398 | 547,356,262 | 581,970,254 | 585,611,872 |
| Silver Coin | 106,573,803 | 181,476,144 | 208,744,424 | 242,701,983 | 275,735,439 |
| Legal Tender Notes ... | 346,681,016 | 346,681,016 | 346,681,016 | 346,681,016 | 346,681,016 |
| National Bank Notes | 333,791,874 | 380,344,250 | 362,727,747 | 352,012,787 | * 322,559,812 |
| Totals ... | 1,055,356,619 | 1,459,423,808 | 1,465,509,449 | 1,523,366,989 | 1,541,588,140 |

* The sum of \$41,710,163 in lawful money has been deposited by the National Banks to retire circulation of a like amount which has not yet been presented for redemption.

It thus appears that the amount of coin and currency has increased in five years by one-half its bulk, that is to say, from 1,055 millions of dollars to 1,541 millions, and that the increase has almost entirely taken place in gold and silver. Looking at this in connection with the apparently better position of the national banks, it would seem that great efforts have been made within the last few years to strengthen the credit institutions of the country.

Amongst the mass of information, of which the interest is chiefly due to Americans, there is a chapter on "Bank Examinations," which may be studied by those who have at some time advocated a Government audit of our joint-stock banks. In the anxious times, during the early part of the year, considerable use was made of these

examiners; they "were instructed to exercise the utmost caution and vigilance, and to visit any of the national banks that appeared to be in trouble, or where violations of law or irregularities existed." They appear to have power to inspect everything, and are instructed "to closely scrutinize the business of a bank, to investigate the standing and fitness for their positions of the persons to whom the management of the affairs of the association are entrusted, and the manner in which the business is usually conducted; and to ascertain as far as possible the character of the loans and discounts of the bank, and what losses, if any, have been or likely to be sustained." These appear to be pretty full powers, and some English readers may almost be inclined to think that instead of the business being done twice over it would be better, certainly for the shareholders who have to pay the examiners, for "the persons to whom the management of the affairs of the association are entrusted" to stand aside and let the examiners conduct the bank themselves. If this system, or anything in the shape of a Government audit has never been established in England, it has been due in great measure to the feeling that responsibility had better remain on the proper persons, and that all such inquisitorial researches, whilst relieving the proper persons of this, would certainly fail in their object. We have not to look far for a confirmation of these views. After enumerating the foregoing duties, and many others, the Comptroller says:—"Notwithstanding their vigilance, the most competent examiners are liable to be deceived, and sometimes find it impossible to discover and remedy in time even gross mismanagement of the affairs of national banks. No laws or system of examinations will prevent dishonest men from keeping false accounts and rendering untrue statements, and by means of these and other devices they can conceal from the examiner the fact that they are using the money entrusted to their charge in private speculations, until final disaster makes longer disguise impossible. It is thus exceedingly difficult to detect violations of law or misuse of the funds of a bank." Exactly so; and it is satisfactory, notwithstanding much argument to the effect that the law and the examiners are not inefficient, to find Mr. Cannon boldly admitting that "the surest preventive (to wrong doing) is to have an honest, active, and competent Board of Directors."

In conclusion, there is one opinion which Mr. Cannon expresses in regard to the late proposition of our Chancellor of the Exchequer for issuing a token gold coin in this country, which it would be well to place on record. When speaking of the difficulty attending the circulation now based on silver in America, he says in a note:—

"Considering the strong ground taken against bi-metallism by the British Government, apparently for the reason that it is difficult to ascertain the intrinsic value of silver as compared with gold, it is interesting to note that the Chancellor of the Exchequer,

Mr. Childers, in his budget speech of the 24th of April, proposed, in order to restore the gold coinage of England to its nominal value, to issue a depreciated half sovereign. In other words Mr. Childers' plan is that the Government shall issue to the people a half sovereign containing only nine-tenths of the amount of gold at present contained in that coin, rather than have the Government bear the loss of the recoinage of the outstanding sovereigns and half-sovereigns which are known to be light. This new half-sovereign is to be *legal tender to the amount of £5 only*, but it seems a noticeable fact that the Chancellor of the Exchequer should submit in his annual budget a proposition to debase one of the gold coins of the United Kingdom, a country which has heretofore been so particular as to its money standards. Although it is not proposed to change the intrinsic value of the sovereign, this alteration of the value of the half-sovereign would no doubt have the effect of discrediting the gold coinage of England, which has for many years been recognized throughout the world as an almost infallible standard of value."

MISCELLANEA.

The following circular has been issued :—

LOMBARD STREET,
14th January, 1885.

DEAR SIR,

We have the pleasure to inform you that we have decided, on the occasion of the New Year, to carry into effect a plan which we have had for some time under consideration, and which we confidently believe will be acceptable both to our friends and to the public.

We propose in future to publish a half-yearly balance sheet, in accordance with the practice adopted by Joint Stock Banks.

This balance sheet, made up to 31st January and 31st July of each year, will be issued as soon as practicable after those dates.

In order to give effect to this intention we have considered it advisable to register ourselves as a Joint Stock Company, under the firm of Glyn, Mills, Currie & Co., with a paid-up capital and reserve of One Million Five Hundred Thousand Pounds (say £1,500,000).

All the existing partners will remain in the firm. They will continue to give their personal attention to the business, in the conduct of which no alteration whatever is contemplated, and their liability for its engagements will be, as at present, unlimited.

Trusting that these measures will meet with your approval, and thanking you for the confidence hitherto reposed in us,

We remain,

Your faithful Servants,

GLYN, MILLS, CURRIE & CO.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

Practical Banking, by ALBERT S. BOLLES.*

IN this work the author describes very fully the organisation and conduct of the various classes of banks in the United States, the National banks, State banks, Savings banks, and Trust and Loan Companies, and those who are unacquainted with the details of banking business on the other side of the Atlantic will find much to interest them here. Although the principles governing the conduct of deposit and discount banking are much the same in every country, local circumstances and conditions, the peculiar habits of the community and the restrictions of the law, introduce many details that differ from our own practice. One point of minor importance in itself, but constantly obtruding itself in our study of American banking, is the great difference between their nomenclature and our own. This extends not only to the names of the various officials, but also to almost every detail of the business. That the chairman of the board is termed the "president," and the manager of the bank the "cashier;" that bills are called notes, and bank-notes almost invariably spoken of as bills, are matters apparently of little import, but liable to cause great confusion and misunderstanding to the English reader of American banking literature. In the book-keeping, allowing for the difference in the currency, there is less variation noticeable; there is even one remarkable instance of similarity. In some of our own banks, as is well known, are to be found books bearing arbitrary titles, entirely inexpressive, and apparently relics of a remote antiquity. We may be interested then to learn that American bankers usually bestow upon their "bill diary" the whimsical title of "tickler," with such variations as "domestic tickler," and "discount tickler," an appellation, the origin of which is not known, and hardly even to be guessed at.

Besides the many restrictions special to the National banking law, there are some points in their laws relating to negotiable instruments that differ from our own, and as they are still uncodified, they no doubt demand a greater amount of discretion than is necessary under our simplified form. A banker is liable if he pays an order cheque bearing a forged indorsement, consequently they invariably require the person

* Homan's Publishing Company, New York.

presenting such a cheque for payment to be identified by some one known to the officers of the bank. This must be at all times a cumbrous plan, and in some cases no doubt leads to serious inconvenience. There are no legal enactments as to the crossing of cheques ; but it is customary for the holder to write or stamp "For Deposit" on the face of all cheques to bearer, or above his indorsement on cheques to order, and the effect is the same as with us attends a general crossing, the drawee will pay only upon presentation by a banker. Where the holder adds also the name of the banker with whom he deposits the drafts, the additional security of a special crossing is obtained.

An important difference in their law or custom may be mentioned with regard to cheques upon a bank paid in to the same bank for the credit of another customer. In this case it is held that the cheque is paid when it passes the receiving cashier, and cannot subsequently be returned.

Very full accounts are given of the business of the Savings banks, the deposits in which have reached a magnitude far beyond those of our institutions, both public and private. According to statistics published two years ago the Savings bank deposits amounted to two hundred millions sterling, and although they do not compete with the other banks in some directions, such as the direct discount of bills, they must form an important item in the financial machinery of the country. The law restricts their investments to (1) loans on pledge of stocks, (2) stock investments, (3) mortgage loans. Classes 2 and 3 will only affect the money market indirectly, but the first-named class, "loans on pledge of stocks" may be made to cover almost any sort of call loans to members of the Stock Board, and it will be remembered that in the troubles of May last one Savings bank failed through loaning a large sum in this way. In the New England States, bills receivable are included among the securities that may be taken against temporary loans, and thus it may well be that some of these enormous deposits form an uncertain factor in banking calculations. It will be evident from a perusal of this book, that in the United States, as well as with ourselves, the profession of banking demands the employment of the best and shrewdest minds, and looking to the success that has upon the whole been attained by it, there can be no doubt that it is generally in very competent hands. We may be entitled then to express some surprise that, notwithstanding their general aptitude for assimilating new ideas, some not unnecessary reforms take so long to accomplish, we might even say to initiate. The almost unanimously desired alterations in the banking customs of New York appear to be little, if any nearer of accomplishment, than they were ten or fifteen years ago, whilst the disadvantages attending the collection of provincial cheques, although fully recognised in Mr. Bolles' work, seem not unlikely to continue indefinitely.

LEGAL DECISIONS AFFECTING BANKERS.

Ex parte DEVER. *In re* SUSE.

(*Reported in full, see next page.*)

SUSE & SIBETH, Bankers in London, at the request of Mussett, a merchant in London, granted to Sentance, of Shanghai a letter of credit allowing Sentance to draw on them for not exceeding £20,000, upon condition that all drafts were to be accompanied by bills of lading and invoices of tea purchased according to order of Mussett, which with other documents were to be surrendered to them against their acceptances, and they agreed to accept all drafts drawn in compliance with the letter of credit, and pay them at maturity.

Sentance accordingly drew bills under the letter of credit in each case referring to it, and to shipments of tea against which the bills were drawn, and discounted them with the Hong Kong and Shanghai Bank. Suse and Sibeth accepted bills to the amount of about £18,000, presented to them by the bank, and in each case the attached documents were surrendered to them in accordance with the terms of the letter of credit.

The teas were warehoused in Suse and Sibeth's name, and sales were effected from time to time by Mussett, the proceeds of sale (amounting to £8,361) being paid by him to them. Mussett did not specify any particular acceptance against which he paid the moneys, nor did any one payment correspond to any particular acceptance. Suse and Sibeth paid the sums received from Mussett to their own bankers to their general account. They debited Mussett with the acceptances as from the date thereof (without referring to the parcels of tea against which they were drawn) also with all expenses, and they credited him with the proceeds as received of teas sold by him.

On the 4th October, 1883, they stopped payment, and afterwards filed a liquidation petition. At this date there was a balance in favour of Mussett in respect of this transaction, but he was indebted to them on other accounts. They also held a quantity of unsold teas.

The Hong Kong and Shanghai Bank and Sentance both claimed to have a lien on the unsold teas, and to be entitled to be paid all sums received before the liquidation by Suse and Sibeth in respect of teas sold.

The Court of Appeal held :—

That the fact of Bills being drawn against goods does not give the bill holder a lien on the goods. He must shew that the lien has in some way been transferred to him by the drawer. So long as the bill of lading was annexed to the Bill, the holder had a lien, but by the terms of the letter of credit, the shipping documents were to be surrendered to the acceptors which must mean that they were to have them free from the bill holders lien. The bank therefore had no claim.

As regards Sentence, it was admitted that on paying the acceptances he was entitled to all unsold teas, but as regards the proceeds of sale of teas received by Suse and Sibeth before the liquidation, it was held that he had no lien upon these moneys, as there was no specific appropriation of the moneys to meet the acceptances.

Ex parte DEVER. In re SUSE.

Bankruptcy—Bill of Exchange drawn against Goods—Specific Appropriation of Consignments—Insolvency of Acceptor—Rights of Bill-holder and Drawer—Interest credited by Acceptor to Drawer.

Bankers in London, at the request of M., who was acting as the agent in London of S., a merchant at Shanghai, on the 16th of March, 1883, granted to S. a letter of credit for 20,000*l.* The letter authorized S. "to draw on us four months' sight for any sums not exceeding 20,000*l.*, such draft or drafts to be accompanied by bills of lading and invoices of tea, purchased according to order of M., and shipped by steamers to London, and marine insurance policies relating thereto, and these documents to be surrendered to us against our acceptances. And we hereby agree with you, and also as a separate engagement with the bonâ fide holders respectively of the bills drawn in compliance with the terms of this credit, that the same shall be duly accepted on presentation and paid at maturity, if drawn and negotiated on or before the 31st of December, 1883." It was agreed that a commission of 1 per cent. should be paid to the bankers on all drafts drawn under the credit, and M. agreed that he would meet all the acceptances on or before their due dates, "the usual rate of 2½ per cent. being allowed on all prepayments." Bills were drawn by S. under this credit against various parcels of tea consigned by him to M. for sale. In each case the bill mentioned the parcel of tea against which it was drawn, and purported to be drawn under the letter of credit, the date of which was mentioned, and the bills of lading and other shipping documents were in each case attached to the bill. S., in each case, advised the bankers of the drawing of the bill, mentioning the tea against which it was drawn and the name of the vessel by which it was shipped. S. discounted the bills with a Chinese bank, and their agent in London presented the bills for acceptance, and in exchange for the acceptance delivered the bills of lading and other documents attached to the London bankers, in whose name the tea was then warehoused with a dock company. As M. from time to time required portions of the tea for delivery to purchasers the bankers handed to him warrants or delivery orders, he paying them the value of the tea comprised therein. The moneys thus received were paid to the credit of the general current account of

the bankers with their own bankers. In an account in their books with M., they debited him with the amounts of the acceptances and credited him with the amounts received by the sales and with $2\frac{1}{2}$ per cent. according to the agreement.

The London bankers suspended payment and filed a liquidation petition before their acceptances matured :—

Held, that, having regard to the terms of the letter of credit, the bill-holders could not claim any specific appropriation of the teas to meet the acceptances :—

But, *held*, that S. was entitled to have the teas which remained in specie at the date of the suspension (but not the proceeds of the sale of the teas which were sold before the suspension) applied in payment of the acceptances.

Frith v. Forbes (4 D. F. & J. 409) distinguished.

APPEAL from a decision of Mr. Registrar Pepys.

W. V. Sentance was a merchant carrying on business at Shanghai in China; J. S. Mussett was a merchant carrying on business in London; Messrs. W. E. Sibeth, C. J. Sibeth, Albert Sibeth, and P. F. T. Sibeth, were merchants and bankers, carrying on business in London, under the firm of Suse & Sibeth. In and prior to 1883, Sentance was in the habit of making consignments of tea to Mussett. On the 16th of March, 1883, Mussett applied to Suse & Sibeth to grant a credit of £20,000 to Sentance, which they agreed to do on the terms embodied in a letter which was written subsequently the same day by Mussett to them. The material part of the letter was as follows :—

“In accordance with my verbal arrangement of this morning I will thank you to send your confirmed credit to Mr. W. V. Sentance of Shanghai for £20,000, to be used by him against shipments of tea to this port. Marine insurance to be effected in China, and, in addition to the usual documents accompanying the drafts, there will be the marine policies of first-rate China companies settling claims in London. Mr. W. V. Sentance takes one half share in this business. With regard to the other half share it is understood you are to have the option till end of this month of deciding whether you will participate in the venture and to what extent. Should you not participate, then the customary banking commission of 1 per cent. is to be paid you on all drafts drawn under this credit. It is further arranged that I meet all your acceptances on or before their due dates, the usual rate of $2\frac{1}{2}$ per cent. being allowed on all prepayments.”

On the same day, Suse & Sibeth addressed the following letter of credit to Sentance :—

“At the request of Mr. J. S. Mussett of this city, we hereby authorize you to draw on us four months sight for any sums not exceeding £20,000, such draft or drafts to be accompanied by bills of lading and invoices of tea, purchased according to order of Mr. Mussett, and shipped by steamers to London, and marine insurance policies relating thereto of first-rate China companies settling claims in London, and these documents to be surrendered to us against our

acceptances. And we hereby agree with you, and also as a separate engagement with the bonâ-fide holders respectively of the bills drawn in compliance with the terms of this credit, that the same shall be duly accepted on presentation and paid at maturity, if drawn and negotiated on or before the 31st of December, 1883."

On the 17th March, 1883, Suse & Sibeth wrote to Mussett as follows:—

"In reply to your favour of the 16th inst., we beg to say that we have confirmed for your account of Mr. W. V. Sentence of Shanghai the credit of £20,000, together with the conditions attaching thereto. To the further contents of your letter we shall recur between this and the end of the month."

On the 31st March, 1883, Suse & Sibeth again wrote to Mussett, telling him that after mature consideration they had "decided upon adhering to our intention, expressed to you verbally some time ago, of financing your tea imports without participation in the venture, but simply as bankers for the customary banking commissions mentioned by you and subject to the usual conditions."

Under the letter of credit of the 16th March, Sentence during the year 1883 made various consignments of tea from China to Mussett in London, and in respect of each particular consignment he drew a bill of exchange on Suse & Sibeth. One of the bills so drawn was as follows:—

"No. 113. Exchange for £1,197 6s. 1d.

"Hankow, 21st of May, 1883.

"Four months after sight of this second of exchange (first of the same tenor and date unpaid), pay to the order of myself the sum of £1,197 6s. 1d.

Drawn under your documentary letter of credit No. 1014 dated 16/3, 1883, value received, which place to account of $\frac{1}{4}$ of 1/3 354 $\frac{1}{2}$ chests tea per Stirling Castle as per shipping documents herewith.

(Signed) W. V. Sentence."

"To Messrs. Suse & Sibeth."

The other bills were in the same form, mutatis mutandis. The bills drawn under the credit amounted in the whole to the sum of £18,670 14s. They were drawn between the 17th of May and the 6th of June, 1883, and they matured between the 28th of October and the 24th of November, 1883. Sentence advised Suse & Sibeth by letter of the drawing of each bill. One of the letters of advice was as follows:—

"I beg to advise having valued upon your good selves under your letter of credit No. 1014, dated the 16th of March, 1883, by my

draft at four months' sight favour myself, which I have negotiated as undernoted blank, indorsed to the Hong Kong and Shanghai Bank, who hold all shipping documents, being for cost of the following shipment tea—one chop of tea per *Laertes*.

"Yours faithfully,

"(Signed) W. V. Sentance."

"Particulars of drafts,

"190. £278 11s. 8d. ex 5/1½ against T.S.I. 161½ p tea."

The other letters were in the same form, *mutatis mutandis*.

Sentance discounted all the bills with the Hong Kong and Shanghai Bank, to whom the bills of lading and shipping documents were handed attached to the drafts. The letter of credit was shown to the Bank. The invoices of the tea were sent by Sentance direct to Mussett. The bills of exchange, with the bills of lading and shipping documents attached, were on their arrival presented by the London agency of the Bank to Suse & Sibeth for acceptance, and were (with one exception) duly accepted by them, and in each case, on the acceptance of the bill, the attached documents were surrendered to Suse & Sibeth in accordance with the terms of the letter of credit. On the presentation of the bills for acceptance Suse & Sibeth in each case wrote to Mussett informing him thereof, and that they had noted the bills to his debit. They did not send any such notification to Sentance.

On the arrival and discharge of the tea in London it was warehoused with the London and St. Katharine Dock Company in the name of Suse & Sibeth, who paid the freight, and they debited Mussett in an account which they kept against him in their books with the amount of the freight and of any other disbursements in respect of the teas. Suse & Sibeth, on receiving the bills of lading, lodged them with the dock company, and Mussett from time to time instructed the dock company to issue weight notes and warrants in the names of brokers nominated by him, and to deliver the notes to the brokers and the warrants to Suse & Sibeth. As sales of the tea were from time to time effected by Mussett, and delivery was required by the purchasers, Mussett sent a written request to Suse & Sibeth to deliver to him the warrant for the tea thus sold and of which delivery was required, and at the same time Mussett paid to Suse & Sibeth a cheque for the value of the tea stated in the request, and that amount was thereupon credited to Mussett in the above-mentioned account. If the tea was required before the corresponding warrant had been made out, Mussett sent to Suse & Sibeth a written request for a delivery order instead of a warrant. If more than one request was lodged during the same day Mussett included in one cheque the values mentioned in the different requests. In no case did he in making the request or payment specify the particular acceptance against which he made

the payment, nor did any one payment, or the aggregate of payments made in any one day, correspond to any particular acceptance.

The mode of keeping the account with Mussett in the books of Suse & Sibeth was as follows: As the bills were presented by the holders for acceptance the amounts thereof were debited to the account as of the dates of the acceptances, but no entry was made in the account to show the special parcels of tea against which the drafts had been drawn.

On the 4th of October, 1883, Suse & Sibeth suspended payment, and on the 9th of October, 1883, they filed a liquidation petition, under which a trustee was afterwards appointed. Prior to the 4th of October Suse & Sibeth had received from Mussett in respect of tea delivered sums amounting in the whole to £8,361, out of which they had paid freight and other charges. The whole of the £8,361 had been paid by them as received to the general credit of the firm with their bankers, and applied with other moneys of the firm in the ordinary course of business. At the date of the stoppage Suse & Sibeth had also in their possession delivery orders or warrants for other parcels of tea which had been consigned by Sentance under the letter of credit and which had not been sold. The tea thus remaining in specie was afterwards sold by the trustee, and the proceeds of sale were carried to a special account. At the date of the stoppage there was a balance in favour of Mussett on this particular account with Suse & Sibeth, but he was indebted to them on other accounts.

On the application of Sentance and the Hong Kong Bank the Registrar, on the 29th of May, 1884, made an order declaring "that the applicants, or one of them, are or is entitled to have the respective bills of lading and the parcels of tea the subjects of such bills of lading respectively, referred to in certain acceptances set forth in the schedule to this order, and all such moneys as on inquiry may be found to have been received by the above-named debtors before the liquidation, and remaining in their hands or to their credit with the debtors' bankers at the date of the liquidation, and by the receiver or trustee since the liquidation, after payment of freight and other charges, by means of the realization of such parcels of tea or any of them, applied for the purpose of paying the said acceptances." The schedule contained a list of all the acceptances under the letter of credit.

From this order the trustee appealed.

Cohen, Q.C., and *Sydney Woolf*, for the appellant. There was no trust of the proceeds of the sale of the tea for the persons who were interested in the bills of exchange. It is a material circumstance that the bills of lading were to be handed over to Suse & Sibeth, not when they paid the bills of exchange, but when they accepted them. This shows that the consignor had got all the security he bargained for when he had got the acceptance by Suse & Sibeth of the bills of

exchange. The Hong Kong Bank would not have discounted the bills if they had not been accepted by Suse & Sibeth. The letters of credit gave the bank notice that the bills of lading were to be surrendered to the acceptors on acceptance. The bills of lading were attached to the drafts, not for the protection of the drawer of the bills or of the holder, but for the protection of the acceptors. Mussett is not a party to the present application. The fact that Mussett was allowed $2\frac{1}{2}$ per cent. interest on all prepayments shows that Suse & Sibeth were at liberty to use the money, when they received it, as they pleased, and that there was no specific appropriation to meet the acceptances: *In re Broad*. (1) Sentence has given no evidence. *Banner v. Johnston* (2) is very analogous to the present case, and shows that the bill-holders have no lien on the teas or on the proceeds of their sale.

R. Vaughan Williams, for Sentence. *Banner v. Johnston* (2) does not apply. The teas were appropriated by the contract between the parties to the meeting of the acceptances, and the proceeds of sale were subject to the same trust. The payment of interest does not show that Suse & Sibeth were entitled to use the money as they pleased. Mussett was acting only as agent for Sentence in the transaction. Suse & Sibeth had distinct notice that the venture was that of Sentence. The bills of lading were attached to the drafts, and each draft referred to a specific parcel of tea. What was the intention of Sentence in sending the teas, and what was the bargain with him? Clearly that the proceeds of the sale of the teas should be employed in meeting the acceptances.

[COTTON, L.J. Does the trustee dispute the right of Sentence to have the teas which remained unsold at the date of the stoppage delivered up to him on his paying the acceptances?

Sidney Woolf. The trustee offered to do that long ago, and he adheres to the offer.]

Sentence is equally entitled to the proceeds of the teas which were sold before the stoppage. He is the owner of the equity of redemption, Mussett being only his agent.

[COTTON, L.J. The letter of credit says that the tea was to be purchased according to the order of Mussett.]

That only means that the agent in London will inform his principal in China. The allowance of $2\frac{1}{2}$ per cent. was not really an allowance of interest. Suse & Sibeth ought to have ear-marked the proceeds of sale by paying them to a separate account with their bankers. Their bankers would then have allowed them interest on the amount standing to the credit of that account, and for that interest they would be bound to account to Sentence. That is what the allowance of $2\frac{1}{2}$ per cent. means.

(1) Law Rep. Q.B., Vol. XIII, p. 740.

(2) Law Rep. 5 H. L. 157.

Pollard, for the Hong Kong Bank. The bank are entitled to a lien or charge on the teas and the proceeds of sale, by virtue of the form of the bills of exchange. Such a charge may be created by the mere form of a bill of exchange, without any express statement: *Frith v. Forbes* (1). In all the cases which have been decided to the contrary the transactions were between vendor and purchaser; not as here, between consignor and consignee. *Frith v. Forbes* (1) is almost identical with the present case. The only difference is that in that case *Frith & Co.* were expressly named in the bills of exchange, while in the present case the bills are drawn to the order of the drawer, but this distinction is immaterial. In the present case there is also the letter of credit to show the appropriation. It is true that *Frith v. Forbes* (1) was not followed in *Robey & Co. v. Ollier* (2), but the Court distinguished that case from *Frith v. Forbes* (1), and recognised the authority of *Frith v. Forbes* (1). In *Robey & Co. v. Ollier* (2) there was a joint adventure between the drawer of the bills and the consignees of the cargo. No arrangement made between Mussett and Sentence can affect the rights of persons who have acted on the faith of the letter of credit.

[COTTON, L.J. No doubt the owner of the goods would be entitled to redeem them on taking up the bills of exchange, but it is a different matter when the person who held the proceeds of the sale of the goods has become a bankrupt.]

In re Agra and Masterman's Bank (3) shows that by virtue of the letter of credit the Hong Kong Bank are entitled to have the proceeds of sale applied in payment of the bills, and have also the right of proof in the liquidation.

[COTTON, L.J. How do they prove that the letter of credit was shown to them?]

The bills of exchange expressly refer to it.

[LINDLEY, L.J. How do they make out that the security of the letter of credit has been transferred to them?]

The form of the bills of exchange shows this; the facts are substantially the same as those of *Frith v. Forbes* (4). The principle of that decision applies, and shows that the bill-holders are entitled to have the teas which were in specie at the time of the suspension applied in paying the acceptances. They are also entitled to have the proceeds of the teas which were sold before the suspension applied in the same way. The bills of exchange were in such a form as to give the bill-holders an equitable lien on the goods.

[COTTON, L.J. The question is, whether the documents taken altogether give the Hong Kong Bank such a security.]

(1) 4 D. F. & J. 409.

(2) Law Rep. 7 Ch. 695.

(3) Law Rep. 2 Ch. 391.

(4) D. F. & J. 409.

The reference in the bills to the letter of credit cannot destroy the security which is given by the form of the bills. The Hong Kong Bank could have obtained an injunction to restrain Suse & Sibeth from parting with the bills of lading as security for a pre-existing debt. The teas were in the hands of Suse & Sibeth subject to a trust in favour of the bill-holders, and when the teas were sold the proceeds were subject to the same trust. And, there being this trust, it will be assumed that, when Suse & Sibeth drew moneys from their bankers for their own purposes, they drew out their own moneys in preference to the trust moneys: *In re Hallett's Estate*. (1) No dealings between Suse & Sibeth and other persons can affect the rights of the Hong Kong Bank. As to the allowance of $2\frac{1}{2}$ per cent., it was merely a rebate for the prepayment of the bills. $2\frac{1}{4}$ per cent. is the rate of interest usually given for money deposited for a short period.

Sidney Woolf, in reply.

As to the Hong Kong Bank :

They had no right to prevent Sentence and Suse & Sibeth from dealing with the teas in any way they pleased. The only document (other than the bills of exchange) which they could have seen was the letter of credit of the 16th of March, written by Suse & Sibeth to Sentence, and their rights must depend on that. That letter expressly stated that the teas were to be purchased according to the order of Mussett, and that the bills of lading were to be surrendered to Suse & Sibeth against their acceptances of the bills of exchange. After the bills of lading had been surrendered, how is it possible for the bank to say that they had any equitable charge on the goods or any right to interfere with the disposition of them? *Frith v. Forbes* (2) did not decide any principle whatever; it depended on its own special facts. This is clear from *Ex parte Arbuthnot*. (3) The decision in *Frith v. Forbes* (2) amounted to no more than this, that an agent cannot set up a general right of lien contrary to the express directions of his principal. Moreover, *Frith v. Forbes* (2) is inconsistent with *Banner v. Johnston*. (4)

[He was stopped by the Court on this point.]

As to the claim of Sentence :—

The result of the evidence is that Mussett, not Sentence, was the owner of the teas. Mussett was the principal, and Sentence was only his agent. The trustee has cross-claims against Mussett. Mussett in no way asserts that he was only acting as agent for Sentence, and Sentence has not given any evidence at all. The Registrar's order should be discharged in toto.

(1) 13 Ch. D. 696.

(2) 4 D. F. & J. 409.

(3) 3 Ch. D. 477.

(4) Law Rep. 5 H.L. 157.

BAGGALLAY, L.J. This case is somewhat singular in its circumstances. [His Lordship stated the facts and continued:—] It is suggested on behalf of the appellant (I do not propose to deal with this question now) that Mussett was the real adventurer, and that Sentence is put forward to make this claim, because, if it was made by Mussett, some questions of set-off would arise which do not arise as against Sentence. There are two questions for our decision; one, as to the rights of Sentence, the other as to the rights of the Hong Kong Bank. With regard to the position of the bank, I am of opinion that they are not entitled to the declaration which the Registrar has made in their favour. The bills of exchange were drawn expressly with reference to the letter of credit, and that letter contains a distinct statement that the bills of lading were to be surrendered to the acceptors on their accepting the bills of exchange. The acceptors acquired, under the letter of credit, a right to the bills of lading, and the holders of the bills of exchange cannot be heard to assert any right to them as against the acceptors. The particular form of the letter of credit, the express statement in the bills that they were drawn under it, and the communication by the drawer to the acceptors that they had been so drawn, make it clear that the bill-holders have no such right as that which they claim.

The other question is one of greater difficulty, and we must take time to examine the evidence more closely on the question whether Mussett or Sentence was the real adventurer.

COTTON, L.J. I will say nothing now about the claim of Sentence. With regard to the claim of the bill-holders, Mr. Pollard contended that, having regard to the terms of the letter of credit, and to the fact that the bills were drawn with reference to it, each particular bill being drawn to the credit of a particular shipment of tea, a lien or charge on the tea was given to the holder of the bill. I am unable to arrive at that conclusion. Mr. Pollard relied on the decision in *Frith v. Forbes*. (1) That case, however, was decided on its own very special circumstances, and, in my opinion, it is no authority in the present case. *Banner v. Johnston* (2) and the cases in the Court of Appeal which have been referred to are much more like the present case. The form of the bill of exchange and of the letter of advice, written at the time by the drawer to the acceptors, did not give the bill-holders any lien on the goods. We must have regard to the terms of the letter of credit, which the bill-holders saw, and they are conclusive on this point. The bills of exchange were to be accompanied by the bills of lading, but the bills of lading were to be surrendered to the acceptors of the bills of exchange against their acceptances. What is the meaning of that? So long as the bill of lading is annexed to the bill of exchange, the bill-holder has a lien

(1) 4 D. F. & J. 409.

(2) Law Rep. 5 H. L. 157.

on the goods. But the bill of lading is to be surrendered to the acceptor on his acceptance of the bill of exchange. That must mean that it is to be delivered up free from the lien of the bill-holder. If the bill of exchange and the letter of advice are ambiguous, they must be taken subject to the terms of the letter of credit which was shewn to the person who discounted the bill. In my opinion, the terms of the letter of credit are conclusive against the claim of the bill-holders.

LINDLEY, L.J. I am of the same opinion. It appears to me that there is much more difficulty with regard to the claim of Sentence, and I will say nothing about it until I have had an opportunity of studying the affidavits more carefully. But the case of the bill-holders is clear. They say that they have a lien on the goods, and it is for them to make out that they have. They do not acquire a lien simply because the bills are drawn against the goods. They must shew that the lien has been in some way transferred to them by the drawer. That this is so is shewn by *Inman v. Clare*. (1) But in the present case, when the documents are looked at, it is plain that no such right has been transferred to the bill-holders. There is nothing in the bills of exchange themselves, or in the letters of advice, which can operate to transfer any right of lien to the bill-holders. It is true that the bills of lading were attached to the bills of exchange, and that is, no doubt, a very important circumstance, but the bargain was that the bills of lading should be given up to the acceptors of the bills of exchange on their acceptance.

As regards the authorities, I think that *Robey & Co. v. Ollier* (2) is the nearest to the present case. In that case *Frith v. Forbes* (3) was explained, and it is clear that it was a very peculiar case. I think that the present case is undistinguishable in principle from *Robey & Co. v. Ollier*. (2)

Aug. 8. LINDLEY, L.J., delivered the judgment of the Court as follows : We have already decided as to the rights of the bill-holders, but we took time to look more closely into the affidavits and documents before deciding as to the rights of Sentence, who was the drawer of the bills and the actual remitter of the goods. His claim was to have those teas which remained unsold at the date of the suspension of payment of Suse & Sibeth applied in taking up the bills, and also to have the proceeds of those teas which had been sold before the suspension similarly applied.

As to the teas which remained unsold at the date of the suspension, having regard to the documents and the facts which have been laid before us, it appears to us that Sentence, as the drawer of the bills

(1) Joh. 769, 776.

(2) Law Rep. 7 Ch. 695.

(3) 4 D.F. & J. 409.

and the remitter of the goods, is entitled to have the proceeds of those teas applied in taking up the bills so far as those teas will go.

But, as regards the proceeds of the teas which were sold before the suspension, the case is different. We do not see our way to hold that Sentance has any equitable right or lien as regards these moneys, or to treat them as subject to any trust, or that he can insist upon having them applied as the unsold teas are applicable. In other words, as regards the proceeds of the teas which were sold before the suspension, the case is governed by the authorities to which Mr. Cohen referred us, and which are undistinguishable.

This being so, we must discharge the order appealed from, and instead of it we must substitute a declaration that Sentance is entitled to have the respective parcels of tea which remained unsold at the date of the suspension, after payment of the freight and charges incidental to the sale of such parcels, applied to the payment of the acceptances.

Then, as regards the costs, it appears to us that the trustee has not substantially been put to any extra costs by the course which has been taken by the bank, and, as regards Sentance, he is partly right and partly wrong, and therefore the only order we propose to make is that the trustee shall have his costs out of the estate.

Solicitors for trustee : *Roberts & Barlow.*

Solicitors for Sentance : *Reyroux, Phillips, & Golding.*

Solicitor for Hong Kong Bank : *Ambrose Parsons.*

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Endorsements—Bill Attached.

QUESTION 312.—Should a banker look at the endorsements on a bill that has a cheque attached payable to (bill attached) or bearer ?

ANSWER : In the case mentioned the banker should see that the attached bill is in order.

Bill of Exchange—Bankruptcy of Acceptor.

QUESTION 313.—On or before November 28, 1884, A. accepts B.'s draft dated December 11, 1884, payable 4 months after date. Would this be a valid security in the hands of a "holder in due course," who took it before December 11, 1884, in case of the death or bankruptcy of A. before that date. If not, on what grounds ?

ANSWER : The *Bills of Exchange Act*, 1882 enacts (sec. 13, sub sec. 2) that a bill is not invalid by reason only that it is post-dated. The bill in question is a good bill, and consequently a valid security in the hands of the "holder in due course" although he took it before December 11, 1884.

Cheques—Examination of Crossings.

QUESTION 314.—Is it the practice of bankers to examine minutely the crossings of cheques handed for collection ?

ANSWER : They should in strictness do so.

Collecting Banker—Cheque crossed to another.

QUESTION 315.—Would a banker be justified in refusing to collect a cheque crossed otherwise than generally or to himself?

ANSWER : If a banker received from his customer a cheque crossed specially to any other banker, he would be justified in declining to collect it.

Dishonoured Cheques.

QUESTION 316.—Is the answer "Present again," or "Please re-present," a proper or legal answer to affix to a cheque, payment of which has been refused? Cannot a presenting banker demand a proper answer, such as "Refer to drawer," "N/S," &c.?

ANSWER : "Present again," or "Please re-present," are usual answers, but are not in accordance with the Rules of the Clearing House. The presenting banker has no right to demand any special form of answer.

Overdrawn Accounts.

QUESTION 317.—Are bankers obliged to give particulars of their charges at the end of the half-year if called upon to do so; Would not "Interest and commission" be sufficient, and in suing for the payment of such charges can they be called upon to give further particulars in a court of law?

ANSWER : The banker should give particulars of charges if called upon by his customer, and no doubt if the matter were contested, would be obliged to do so.

Cheque-endorsement.

QUESTION 318.—If a cheque is payable to Mr. John Brown and endorsed by him, Mr. John Brown, is a banker justified in returning such cheque? And secondly, if the prefix "Mr." is crossed out, would the bank be right in refusing payment on the grounds, in both cases, of the endorsement being irregular?

ANSWER : It is customary for bankers to refuse payment of cheques endorsed as stated in this question, on account of the endorsements not being in the usual form. The legal position of the matter is set forth in Vol. I. p. 285 of the *Journal*.

Holding over Cheque—Clearing House Rule.

QUESTION 319.—N. is a bank at (say) Nottingham, with a branch at (say) Burton. In the midday exchange, along with its own cheques, N. received for payment (subject to being honoured) cheques on its Burton branch. On a given day, after the exchange has taken place, X. (another bank at Nottingham) receives a cheque on the Burton branch of N. Instead of sending this cheque the same day to London agents, X. holds it till the following day, and then hands it to N. Does X. incur any liability by so doing? The cheque would reach Burton at exactly the same time by either way. The local clearing house rule hereon is "That the cheques on branches of banks having their head office in Nottingham be passed at the clearing house provisionally, subject to return in the course of post."

ANSWER: The local custom of presenting the cheques referred to at the clearing house in Nottingham would doubtless justify the bank receiving a cheque after the close of the clearing in holding over the same for presentation at the clearing house on the following day.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus:—£1,000 =

| Bank. | Account made up to | No. of Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES | | | | | Dividend and Bonus. |
|---|--------------------|------------------|---------------------------------------|----------|--------------------------|--------------------|------------------------------|---------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Alliance Bank, Limited | Dec. 31 1884 | 3 | £ 2,000 | £ 800 | £ 25 | £ 10 | £ Nil | % 7 |
| Ashton, Stalybridge, Hyde, and Glossop Bank, Limited..... | " | None | 250 | 50 | 20 | 4 | 10 | 10 |
| *Birmingham Banking Co., Ltd. | " | 19 | 2,860 | 286 | 50 | 5 | 25 | 20 |
| *Bradford Banking Co., Ltd..... | " | None | 1,360 | 408 | 100 | 30 | 50 | 15 |
| *Bradford Commercial Bank, Ltd. | " | None | 1,116 | 279 | 100 | 25 | 50 | 12 |
| *Bristol and West of England Bank, Limited..... | " | 13 | 400 | 150 | 20 | 7 10/- | 12 10/- | 6 |
| *Bucks and Oxon Union Bank, Limited | " | 9 | 400 | 80 | 25 | 5 | Nil | 20 |
| Carlisle and Cumberland Bank, Limited | " | 6 | 400 | 100 | 20 | 5 | 10 | 16 |
| Central Bank of London, Ltd.... | " | 7 | 250 | 125 | 10 | 5 | Nil | 11 |
| City Bank, Limited | " | 8 | 4,000 | 1,000 | 40 | 10 | 20 | 10 |
| Consolidated Bank, Limited..... | " | 4 | 2,000 | 800 | 10 | 4 | Nil | 10 |
| Craven Bank, Limited | " | 18 | 750 | 175 | 30 | 7 | 15 | 15 |
| *Cumberland Union Bank, Ltd... | " | 26 | 600 | 250 | 30 | 12 10/- | ... | 18 |
| Exchange and Discount Bank, Limited | " | 2 | 200 | 100 | 10 | 5 | ... | 10 |
| *Halifax and Huddersfield Union Bank, Limited | " | 1 | 1,000 | 250 | 40 | 10 | 30 | 10 |
| *Halifax Joint Stock Bank, Ltd. | " | 8 | 500 | 200 | 25 | 10 | 10 | 11 |
| *Hove Banking Company, Ltd.... | " | None | 2 | Nil | ... | ... | ... | 5 |
| *Huddersfield Banking Co., Ltd. | " | 8 | 1,662 | 416 | 100 | 25 | 75 | 10 |
| Imperial Bank, Limited | " | 6 | 2,250 | 675 | 50 | 15 | Nil | 7 |
| *Lancashire and Yorkshire Bank, Limited | " | 23 | 600 | 300 | 20 | 10 | Nil | 9 |

* These accounts are made up annually.

STOCK BANK ACCOUNTS.

£1,000,000 (except columns 1, 2, 5, 6, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|---------------------------|--------------------|--|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans, and other Securities† | Bank Premises, Furniture, &c. | Total Assets. |
| | | | | | British Government Stock. | Other Investments. | | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 232 | 2,875 | 543 | 26 | 892 | 124 | 252 | 3,199 | 28 | 4,490 |
| 20 | 164 | Nil | 3 | 25 | Nil | Nil | 31 | 5 | 243 |
| 312 | 2,424 | ... | 59 | 568 | 25 | 161 | 2,194 | 104 | 3,052 |
| 250 | 2,398 | ... | 54 | 708 | | | 2,426 | 16 | 3,150 |
| 182 | 764 | ... | 33 | 486 | ... | ... | 758 | 17 | 1,261 |
| 30 | 623 | ... | 18 | 175 | 61 | 61 | 506 | 42 | 845 |
| 31 | 788 | ... | 16 | 96 | ... | 367 | 434 | 14 | 911 |
| 65 | 619 | Nil | 17 | 53 | 23 | 167 | 540 | 18 | 801 |
| 92 | 1,347 | ... | 13 | 481 | 179 | 6 | 873 | 38 | 1,577 |
| 500 | 4,331 | 2,440 | 60 | 1,287 | 602 | ... | 6,384 | 67 | 8,376 |
| 216 | 3,157 | 80 | 40 | 841 | 405 | ... | 2,874 | 186 | 4,324 |
| 25 | 1,500 | Nil | 14 | 274 | Nil | Nil | 1,462 | 42 | 1,778 |
| 160 | 1,762 | Nil | 47 | 272 | 160 | 1,687 | ... | 79 | 2,198 |
| 57 | 398 | Nil | 5,680 | 70 | ... | 27 | 196 | 19 | 551 |
| 50 | 1,080 | ... | 25 | 626 | ... | ... | 783 | 10 | 1,419 |
| 170 | 1,273 | ... | 25 | 190 | 70 | ... | (a)1,391 | 24 | 1,675 |
| 1 | 15 | ... | Nil | 2 | ... | 13 | ... | ... | 15 |
| 190 | 2,488 | ... | 50 | 406 | 120 | ... | 2,640 | ... | 3,166 |
| 150 | 2,496 | 693 | 32 | 620 | 239 | ... | 2,478 | 23 | 4,072 |
| 110 | 1,388 | 48 | 36 | 324 | ... | ... | 1,444 | 47 | 1,815 |

† Including liability of customers for acceptances and endorsements.

(a) Bills, £610; Current Accounts, £781.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus :—£1,000 =

| Bank. | Account made up to | No. of Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus. |
|--|--------------------|------------------|--|----------|--------------------------|--------------------|------------------------------|---------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| *Leamington Priors and Warwickshire Bank, Limited ... | Dec. 31 1884. | 3 | £ 200 | £ 40 | £ 50 | £ 10 | £ 30 | % 15 |
| Leeds and County Bank, Ltd. ... | " | 4 | 1,005 | 137 | { 85 25 | 10 5 | 42 10/- 12 10/- | { 6 |
| *Liverpool Commercial Bank, Ltd. | " | None | 700 | 350 | 20 | 10 | ... | 11½ |
| London Joint Stock Bank, Ltd. | " | 6 | 12,000 | 1,800 | 100 | 15 | 50 | 13½ |
| London & Provincial Bank, Ltd. | " | 84 | 600 | 300 | 10 | 5 | ... | 12½ |
| London and Westminster Bank, Limited | " | 9 | 14,000 | 2,800 | 100 | 20 | 80 | 16 |
| Manchester and County Bank, Limited | " | 35 | 4,400 | 660 | 100 | 15 | 75 | 16 |
| *Manchester and Liverpool District Bank, Limited | " | 57 | 5,430 | 905 | 60 | 10 | 40 | 20 |
| National Bank, Limited | " | 110 | 7,500 | 1,500 | 50 | 10 | 33½ | 11 |
| *Nottingham Joint Stock Bank... | " | 18 | 500 | 100 | 50 | 10 | 25 | 10 |
| *North Western Bank, Limited... | " | 4 | 2,000 | 405 | 20 | 7 10/- | 12 10/- | 6 |
| *Pare's Leicestershire Banking Company, Limited..... | " | 4 | 1,000 | 350 | 25 { | 12 10/- 5 | 12 10/- | 12½ |
| *Parr's Banking Company, Ltd. | " | 27 | 2,800 | 560 | 100 | 20 | 60 | 17½ |
| Provincial Bank of Ireland | " | 49 | 4,080 | 540 | { 100 20 | 12 10/- 10 | 50 10 | 12 |
| *Swansea Bank, Limited | " | 3 | 575 | 201 | 20 | 7 | 13 | 7 |
| Union Bank of London, Ltd. ... | " | 5 | 11,000 | 1,705 | 100 | 15 10/- | 50 | 6½ |
| Union Bank of Manchester, Ltd. | " | 36 | 1,000 | 440 | 25 | 11 | 14 | 10 |
| *Wolverhampton and Staffordshire Bank | " | None | 500 | 100 | 50 | 10 | ... | 15 |
| Worcester City and County Bank, Limited | " | 25 | 1,000 | 250 | 50 | 12 10/- | ... | 10 |
| *York City and County Bank, Ltd. | " | 40 | 1,000 | 264 | { 50 50 | 15½ 9 | 20 | 18 |

* These accounts are made up annually.

STOCK BANK ACCOUNTS (*continued*).

1,000,000 (except columns 1, 2, 5, 6, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|---------------------------|--------------------|--|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans, and other Securities† | Bank Premises, Furniture, &c. | Total Assets. |
| | | | | | British Government Stock. | Other Investments. | | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 23 | 235 | Nil | 7 | 21 | 25 | 90 | 170 | 6 | 312 |
| 12 | 278 | Nil | 6 | 52 | ... | 79 | 798 | 30 | 959 |
| 200 | 917 | 484 | 39 | 226 | ... | 4 | 1,573 | 150 | 1,953 |
| 1,160 | 11,922 | 1,974 | 118 | 1,557 | 2,000 | ... | 13,477 | 158 | 16,992 |
| 217 | 3,527 | ... | 36 | 670 | 611 | 599 | 2,153 | 47 | 4,080 |
| 1,643 | 22,029 | 437 | 213 | 6,722 | 3,977 | 750 | 15,962 | 343 | 27,754 |
| 506 | 5,855 | 430 | 62 | 1,674 | 252 | ... | 5,526 | 81 | 7,533 |
| 752 | 11,020 | 117 | 188 | 2,154 | 1,000 | 178 | 9,259 | 336 | 12,927 |
| 218 | 9,081 | 26 | 84 | 1,425 | 1,392 | 574 | 8,512 | 289 | 12,192 |
| 44 | 619 | ... | 13 | 122 | 54 | 15 | 565 | 20 | 776 |
| 106 | 700 | 159 | 32 | 148 | ... | ... | 1,206 | 35 | 1,389 |
| 160 | 1,405 | ... | 46 | 374 | 361 | 20 | 1,215 | 15 | 1,985 |
| 300 | 4,635 | 276 | 103 | 1,654 | 246 | 541 | 3,300 | 113 | 5,854 |
| 174 | 4,181 | Nil | 33 | 1,014 | ... | (b) 1,044 | 3,506 | 151 | 5,715 |
| 43 | 257 | ... | 17 | 99 | 25 | 42 | 337 | 8 | 511 |
| 850 | 11,901 | 1,715 | 102 | 4,860 | 2,171 | 646 | 6,573 | 476 | 16,459 |
| 145 | 1,981 | 21 | 22 | 328 | 20 | 30 | 2,199 | 44 | 2,621 |
| 96 | 771 | ... | 20 | 104 | ... | ... | (a) 858 | 20 | 982 |
| 90 | 1,459 | ... | 15 | 169 | 89 | ... | 1,491 | 65 | 1,814 |
| 224 | 2,449 | Nil | 45 | 346 | 167 | 216 | 2,297 | 62 | 3,088 |

† Including liability of customers for acceptances and endorsements.

(a) Includes columns 14, 15, 16.

(b) Including British Government and Colonial Securities, &c.

WEEKLY RETURNS.

In £'s sterling 000 omitted, thus:—£1,000 = £1,000,000.

| For the weeks } ending } | 1884. Dec. 31. 1 | 1885. Jan. 7. 2 | 1885. Jan. 14. 3 | 1885. Jan. 21. 4 | 1885. Jan. 28. 5 | 1884. Jan. 30. 6 |
|--|------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF ENGLAND. | | | | | | |
| ISSUE DEPARTMENT. | £ | £ | £ | £ | £ | £ |
| Notes issued | 35,562 | 35,653 | 35,950 | 36,322 | 36,940 | 36,447 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 19,812 | 19,903 | 20,200 | 20,572 | 21,190 | 20,697 |
| | 35,562 | 35,653 | 35,950 | 36,322 | 36,940 | 36,447 |
| BANKING DEPARTMENT. | | | | | | |
| LIABILITIES. | | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Reserve | 3,116 | 3,357 | 3,378 | 3,384 | 3,398 | 3,309 |
| Public deposits | 9,105 | 7,039 | 4,850 | 4,856 | 5,993 | 6,388 |
| Other deposits | 24,947 | 26,820 | 24,664 | 25,148 | 24,622 | 23,775 |
| Seven day and other bills ... | 154 | 166 | 185 | 177 | 168 | 155 |
| Total | 51,875 | 51,935 | 47,630 | 48,118 | 48,734 | 48,180 |
| ASSETS. | | | | | | |
| Government securities | 13,163 | 15,754 | 14,604 | 13,654 | 13,654 | 14,455 |
| Other securities | 27,304 | 24,907 | 20,905 | 21,448 | 21,142 | 21,127 |
| Notes | 10,525 | 10,455 | 11,221 | 11,975 | 12,884 | 11,635 |
| Gold and silver coin | 883 | 819 | 900 | 1,041 | 1,054 | 903 |
| Total | 51,875 | 51,935 | 47,630 | 48,118 | 48,734 | 48,180 |
| Notes in the hands of the public | 25,037 | 25,198 | 24,729 | 24,347 | 24,056 | 24,752 |
| Reserve | 11,408 | 11,274 | 12,121 | 13,016 | 13,938 | 12,538 |
| Proportion of reserve to liabilities (per cent.) | 33.35 | 33.13 | 40.81 | 43.12 | 45.27 | 41.55 |
| Rate of discount | 5 % | 5 % | 5 % | 5 % | 4 % | 3 % |
| | 1885. Jan. 1. | 1885. Jan. 8. | 1885. Jan. 15. | 1885. Jan. 22. | 1885. Jan. 29. | 1884. Jan. 31. |
| RATES OF EXCHANGE ON LONDON. | | | | | | |
| Paris, Cheque— (par £1 = 25f. 22½c.) | 25.32½ | 25.32½ | 25.33½ | 25.32½ | 25.32 | 25.16 |
| Berlin, 8 days— (par £1 = 20m. 43pf.) | 20.45½ | 20.48 | 20.47 | 20.46 | 20.46½ | 20.40½ |
| New York, 60 days— (par £1 = \$4.867) | 4.80½ | 4.80½ | 4.81½ | 4.82½ | 4.83½ | 4.85½ |
| Calcutta, 4 m/d— (per rupee) .. | 1s. 7½d. | 1s. 7½d. | 1s. 7½d. | 1s. 7½d. | 1s. 6½d. | 1s. 7½d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks ending } | 1885. Jan. 2. 1 | 1885. Jan. 8. 2 | 1885. Jan. 15. 3 | 1885. Jan. 22. 4 | 1885. Jan. 29. 5 | 1884. Jan. 31. 6 |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF FRANCE. | | | | | | |
| (Converting the franc at 25 to the £) | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Public deposits | 5,994 | 4,380 | 5,831 | 4,577 | 4,921 | 7,523 |
| Private deposits..... | 14,917 | 15,127 | 14,225 | 15,200 | 15,568 | 15,337 |
| Notes in circulation | 119,104 | 119,763 | 121,235 | 119,508 | 119,123 | 126,500 |
| Other items | 12,792 | 12,958 | 12,504 | 12,364 | 12,230 | 12,253 |
| Total | 152,807 | 152,228 | 153,795 | 151,649 | 151,842 | 161,613 |
| ASSETS. | | | | | | |
| Gold | 40,057 | 39,931 | 39,877 | 39,933 | 39,997 | 38,094 |
| Silver | 41,136 | 41,028 | 40,991 | 41,076 | 41,144 | 39,744 |
| Bills | 42,087 | 41,649 | 42,727 | 41,115 | 41,244 | 54,041 |
| Advances | 17,767 | 17,856 | 18,138 | 17,688 | 17,335 | 18,375 |
| Other items | 11,760 | 11,764 | 12,062 | 11,837 | 12,122 | 11,359 |
| Total | 152,807 | 152,228 | 153,795 | 151,649 | 151,842 | 161,613 |
| Rate of discount | 3 % | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | | £ |
| Notes in circulation | 42,707 | 41,331 | 39,178 | 37,037 | | 36,200 |
| Current accounts | 13,377 | 11,053 | 10,083 | 10,698 | | 11,607 |
| Other items | 7,101 | 7,061 | 7,048 | 7,042 | | 6,989 |
| ASSETS. | | | | | | |
| Coin and Bullion | 25,891 | 26,061 | 26,612 | 27,180 | | 29,664 |
| Bills and Loans..... | 32,583 | 28,905 | 25,062 | 23,296 | | 21,322 |
| Other items | 5,177 | 4,941 | 5,096 | 4,798 | | 4,305 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1884. Dec. 6. 1 | 1884. Dec. 13. 2 | 1884. Dec. 20. 3 | 1884. Dec. 27. 4 | 1885. Jan. 3. 5 | 1885. Jan. 5. 6 |
|--|-----------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £). | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Notes in circulation | 2,317 | 2,328 | 2,337 | 2,324 | 2,279 | 2,941 |
| Net deposits | 65,974 | 66,191 | 67,089 | 67,054 | 68,163 | 65,990 |
| ASSETS. | | | | | | |
| Loans and discounts | 57,609 | 58,045 | 58,868 | 59,175 | 59,577 | 66,271 |
| Specie | 17,299 | 17,208 | 17,370 | 17,634 | 17,574 | 12,575 |
| Legal tenders | 7,654 | 7,790 | 7,539 | 7,318 | 7,471 | 5,564 |
| Legal reserve (being one-fourth of net deposits) | 16,494 | 16,548 | 16,772 | 16,764 | 17,041 | 16,497 |
| Reserve held (consisting of specie and legal tenders) | 24,953 | 24,998 | 24,909 | 24,952 | 25,045 | 18,139 |
| Surplus | 8,459 | 8,450 | 8,137 | 8,189 | 8,004 | 1,643 |
| | 1884. Dec. 31. | 1885. Jan. 7. | 1885. Jan. 14. | 1885. Jan. 21. | 1885. Jan. 28. | 1885. Jan. 30. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ | £ |
| Clearing-house returns | 92,038 | 119,277 | 122,934 | 104,911 | 86,784 | 123,339 |
| Average price of wheat | 31s. 5d. | 31s. 11d. | 32s. 7d. | 34s. 2d. | 34s. 11d. | 33s. 0d. |
| Price of consols | 99½ | 99½ | 99½ | 99½ | 100 | 101½ |
| Bar silver, fine, per oz. standard | 49½d. | 50d. | 50d. | 49½d. | 49½d. | 51d. |
| 3 % French Rentes | 79·12½ | 79·60 | 79·55 | 80·7½ | 79·87½ | 77·30 |

AUSTRALIAN BANKING:

A few Remarks in reference to Current Questions,

By TWO BANK OFFICERS.

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CHAPTER III.—Competition: Is a war of rates in London judicious? Mortgage Companies; Debentures: The Bank of South Australia—the Comptoir d'Escompte de Paris: Extracts from letters in the *Statist*: The *St. James's Gazette* on the Bank of South Australia.

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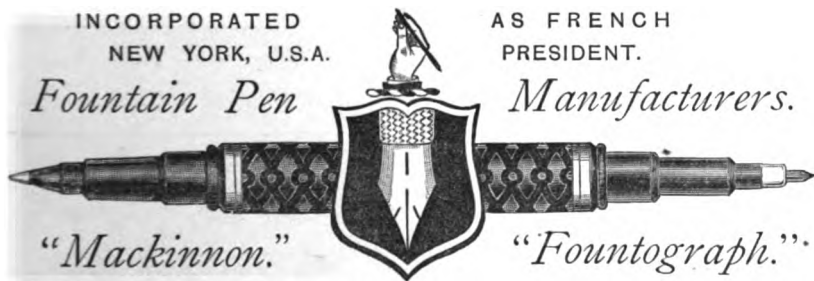
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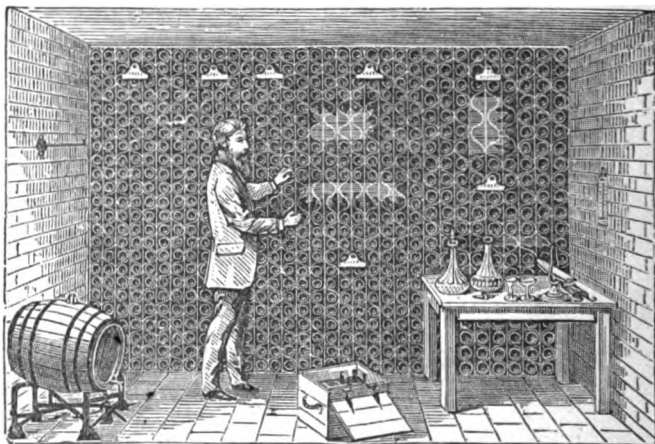
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Fire & Life Assurance Company.

Established 1821, and Empowered by Special Acts of Parliament.

| | | | | | |
|---------------------|-----|-----|-----|-----|-------------------|
| SUBSCRIBED CAPITAL | ... | ... | ... | ... | £2,000,000 |
| PAID-UP CAPITAL | ... | ... | ... | ... | 1,000,000 |
| TOTAL FUNDS IN HAND | ... | ... | ... | ... | 3,861,000 |
| TOTAL INCOME, OVER | ... | ... | ... | ... | 718,000 |

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The last Quinquennial Valuation was made on the basis of the Institute of Actuaries' (H.M.) Table of Mortality and 3 per cent. interest. The Valuation was strictly a net premium one, the whole of the loading being reserved.

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PAYMENT OF CLAIMS is generally made immediately after proof of death and title. A GUARDIAN Policy of 5 years' standing can be revived within thirteen months on payment of the premiums overdue and a fine, no evidence of health being required.

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FIRE FUND (1883), £457,000. FIRE INCOME, £391,000.

The Capital and Counties Bank, Limited.

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Paid-up Capital, £400,000. Reserve Fund, £300,000.

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Hastings
Havant
Highworth
Hungerford
Jersey
Landport
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Ryde
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BERMONDSEY ... 159, Old Kent Road.
BOW ... 90 & 92, Bow Road.
BRIXTON, North ... 275, Brixton Road.
BRIXTON, South ... 451, Brixton Road.
CAMBERWELL ... 250, Camberwell Road.
CANDEN TOWN ... Park Street.
CHISWICK ... High Road.
CLAPHAM ... Clapham Common.
CLAPHAM JUNC. ... 3, Garfield Terrace.
CROYDON ... North End.
EALING ... The Broadway.
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STEPNEY ... 368, Commercial Rd.
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Established in 1836, and Registered in 1880 under "The Companies' Acts, 1862 to 1879."

CAPITAL £8,000,000, IN 100,000 SHARES
OF £80 EACH.

| | | | | | |
|-----------------|-----|-----|-----|-----|------------|
| Paid-up Capital | ... | ... | ... | ... | £2,000,000 |
| Reserve Fund | ... | ... | ... | ... | £1,000,000 |

HEAD OFFICE: 21, LOMBARD STREET.

Head Office Manager :—WILLIAM HOWARD, Esq.

Deputy Manager :—JOHN EDWARD BAGULEY, Esq.

Secretary :—GEORGE GOUGH, Esq.

The London & County Banking Company, Limited,

Opens DRAWING ACCOUNTS with Commercial Houses and Private Individuals, upon the plan usually adopted by other Bankers.

DEPOSIT ACCOUNTS.—Deposit Receipts are issued for sums of Money placed upon these Accounts, and Interest is allowed for such periods and at such rates as may be agreed upon, reference being had to the state of the Money Market.

CIRCULAR NOTES and LETTERS OF CREDIT are issued payable in the principal Cities and Towns of the Continent. Letters of Credit are also issued payable in Australia, Canada, India, China, the United States, and elsewhere.

The Agency of Foreign and Country Banks is undertaken.

The *Purchase and Sale* of Government and other Stocks, also of English and Foreign Shares, are effected. *Dividends, Annuities, &c.*, are received for Customers of the Bank.

Great facilities are afforded to the Customers of the Bank for the receipt of Money both from and in the Towns where the Company has Branches.

The Officers of the Bank are bound not to disclose the transactions of any of its Customers.

By Order of the Directors,

W. McKEWAN, *General Manager.*



CATALOGUES SENT ON APPLICATION.

FIELD'S CHEMICAL INK

IS USED AT THE

LONDON & WESTMINSTER BANK—

CHIEF OFFICE, LOTHBURY AND BRANCHES;

HERRIES, FARQUHAR & Co.'s BANK;

and other principal London, Country, & Foreign Banks.

SOLD BY ALL STATIONERS.

SAMPLES FREE ON APPLICATION.

BIRKBECK BANK,

ESTABLISHED 1851.

29 & 30, SOUTHAMPTON BUILDINGS, CHANCERY LANE, LONDON.

The BIRKBECK BANK opens Drawing Accounts with trading firms and private individuals, upon the plan usually adopted by other Bankers, but with the important exception that it allows interest, at the rate of Two per cent. per annum, on the minimum monthly balances, when not drawn below £50. No Commission charged for keeping Accounts, excepting under special circumstances.

Money is received at Three per cent. interest on Deposit Account, repayable without notice; but these Accounts cannot be drawn upon by Cheque.

The Bank undertakes the custody of securities of customers, and the collection of Bills of Exchange, Dividends, and Coupons. Annuities, Stocks and Shares purchased and sold, and advances made thereon.

Letters of Credit and Circular Notes issued for all parts of the world.

The utmost facilities are afforded to those keeping Accounts with the Bank for the receipt and payment of Annuities, and for the transmission of money to the Colonies, the Continent, and America. The Bank acts also as Agents for receiving the Pay and Pensions of Officers of the Army and Navy, and their Widows and Children, at home or abroad.

ABSTRACT OF THIRTY-SECOND ANNUAL BALANCE SHEET, MARCH, 1883

| | |
|---|------------|
| Amount at Credit of Current and Deposit Accounts | £2,730,300 |
| Investments in the English Funds and other Convertible Securities, and Cash in hand | £2,554,500 |
| Permanent Guarantee Fund, invested in Consols | £80,000 |
| Amount of Assets in excess of Liabilities | £153,067 |
| Number of Current and Deposit Accounts | 35,979 |

The BIRKBECK BANK accepts neither personal security for advances, nor discounts bills for customers, except with collateral security; so that it enjoys an immunity from losses unknown to either joint-stock or private banks.

The Bank has no Branches or Agents. All communications should be addressed to

January 1st, 1884.

FRANCIS RAVENSCROFT, *Manager*.

The Number of the Birkbeck Bank in connexion with the Telephone Exchange is 2508.

Just Published, Price 2/6, Post Free.

THE PROMISED LAND:

OR,

Nine Years (Gold Mining, Hunting, and
Volunteering) in the Transvaal.

BY

E. V. C.

*An original, bright, and sparkling account of personal adventure
and experience in a land which is now attracting much attention from,
and entailing great responsibilities upon, our Home Government.*

BLADES, EAST & BLADES,

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Banking in Australasia,

From a London Official's point of view,

With some Remarks on Mortgage and Finance Companies.

OPINIONS OF THE PRESS.

"Contains a great deal of matter which will be found of interest."—*Times*.

"Is the first attempt to bring into a tangible form the history of the Australian banks. . . . The Chapters on Competition, Advances on Produce, and the Telegraphic Transfer of Money discuss matters in dispute, but the arguments on both sides are fairly stated, and the conclusions arrived at appear reasonable."—*Standard*.

"The subjects are dealt with in a manner which shows a thorough practical acquaintance with the details of Colonial banking business."—*Daily Telegraph*.

"The work concludes with some interesting biographical notices of the pioneers in Australian banking, which cannot fail to be read with interest."—*Morning Post*.

"Traces the growth of banking in the Australian Colonies in a very useful manner."—*Pall Mall Gazette*.

"Contains a strong and able recommendation of the issue of debentures as negotiable interest-bearing documents by the Australian banks. . . . There seems something anomalous in the Australian banks having to pay, as they now sometimes have to do, higher rates of interest than the Mortgage and Finance Companies."—*Economist*.

"Many interesting topics connected with the Australasian banking system are passed under review."—*Statist*.

"Interesting. The author has brought together a great deal of valuable information."—*Money Market Review*.

"The historical, statistical, and biographical portions of this work are interesting."—*Bullionist*.

"Neat, clear, perspicuous. . . . The author has in several places given suggestions which evidence the deep thought which he has given to the subject he has undertaken, and these, to our mind, are invaluable."—*Bankers' Magazine*.

" Nothing gives a more vivid impression of the development and power of these Colonies than a perusal of the history, and a consideration of the present proportions of their banking institutions, as given in this book. . . . The career of Mr. Benjamin Boyd is given, and it forms a curious and interesting episode in the romance of commerce. . . . Our author advocates the institution by the banks of a new system of interest-bearing debentures, in place of non-transferable deposit receipts. The scheme he sketches certainly commends itself to one's reason. . . . The work is not bulky, but it is very complete, and the statistical matter is very comprehensive and clear."—*Glasgow Herald*.

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BY
J. DOUGLAS WALKER,

Of Lincoln's Inn, Esq., Barrister-at-Law.

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LAW PUBLISHERS,**

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A few Remarks, in reference to Current Questions,

By Two BANK OFFICERS.

CONTENTS :

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CHAPTER II.—Income-Tax—Preliminary remarks : Action of the Board of Inland Revenue : Acts of Parliament : Probable effects of the recent order to some of the Australian Banks : Future Action of the Board of Inland Revenue : Concluding remarks.

CHAPTER III.—Competition : Is a war of rates in London judicious ? Mortgage Companies ; Debentures : The Bank of South Australia—the Comptoir d'Escompte de Paris : Extracts from letters in the *Statist* : The *St. James's Gazette* on the Bank of South Australia.

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The Council of the Institute of Bankers desire it to be distinctly understood, that Authors alone are responsible for the contents of their Papers, both as to matters of fact and of opinion, and, also, that the Institute accepts no responsibility for the opinions which may be expressed in the various discussions.

BY ORDER OF THE COUNCIL.

CALENDAR FOR SESSION 1884-85.

OCTOBER, 1884.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

NOVEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

DECEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | 31 |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JANUARY, 1885.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

FEBRUARY.

| | | | | | | |
|-----------|-----|---|----|----|----|--|
| Sunday | ... | 1 | 8 | 15 | 22 | |
| Monday | ... | 2 | 9 | 16 | 23 | |
| Tuesday | ... | 3 | 10 | 17 | 24 | |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

MARCH.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | 31 |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

APRIL.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

MAY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Friday | ... | 1 | 8 | 15 | 22 | 29 |
| Saturday | ... | 2 | 9 | 16 | 23 | 30 |
| Sunday | ... | 3 | 10 | 17 | 24 | 31 |
| Monday | ... | 4 | 11 | 18 | 25 | |
| Tuesday | ... | 5 | 12 | 19 | 26 | |
| Wednesday | ... | 6 | 13 | 20 | 27 | |
| Thursday | ... | 7 | 14 | 21 | 28 | |

JUNE.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JULY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

AUGUST.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | 31 |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

SEPTEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

The Dates of Meetings are distinguished by *large black figures*.

The Institute of Bankers,

2, ST. MICHAEL'S HOUSE,

CORNHILL, E.C.,

LONDON, *March*, 1885.

NOTICES TO MEMBERS.

MEETINGS

WILL BE HELD IN THE

THEATRE OF THE LONDON INSTITUTION,

FINSBURY CIRCUS, E.C.,

ON

Wednesday, March 18th, 1885. | Wednesday, May 20th, 1885.
„ April 15th, „ |

The Annual General Meeting will be held on May 20th, previous to the Ordinary Meeting.

The time at which the chair will be taken will be announced previously to each meeting.

The Council have reason to believe that in the course of the Session the following Papers amongst others will be communicated to the Institute :—

“ The Future of Silver,”

By H. SCHMIDT, Esq.

“ Assays,”

By Professor CHANDLER ROBERTS, Chemist to the Mint.

THE Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institute, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the *Journal*, or by advertisement in the principal papers about one week before each meeting. Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the Ordinary Meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interest to the Profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the Profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the *Journal* as the Council may determine.

If not out of print, *members* may obtain a *single* copy of each of the back numbers of the *Journal* at the reduced price of 1s. each. A few volumes bound in morocco, can be obtained at 15s. each volume.

The *Journal* is for the present published in eight consecutive months, namely, from December to the June following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, Members are especially requested to inform the Secretary, without delay, of any change in their Addresses.

THE LIBRARY.

The Council request the attention of Members to the following list of works, which, among others, are required in the Library :—

Economist. Volumes prior to 1856.

Bankers' Magazine, Vols. XVII.—XXXIV.

Journal of the Statistical Society. Vols. prior to 1874.

Early copies of the London Directory.
 Banking Almanac prior to 1861, and for 1878.
 The Annual Register.
 Hansard's Parliamentary Debates.
 Tooke's History of Prices.
 Lord Overstone's Select Tracts on Currency, &c.
 British Association Reports.
 Ruding's Annals of the Coinage.
 Vaughan's Discourse on Coins and Coinage.
 Patrick's Records of the Coinage of Scotland.
 Kenyon's Gold Coins of England.
 Anderson on Commerce.

ELECTIONS.

THE following is the list of those elected at the February meeting of the Council :—

FELLOWS.

| | |
|------------------------------|--|
| GEORGE JAMES DRUMMOND | Messrs. Drummond, 49, Charing Cross. |
| ANTHONY GREENLAND SNELLGROVE | Bank of England. |
| JULIUS SIMON | Anglo-Californian Bank, 3, Angel Court, E.C. |

ASSOCIATES.

| | |
|-------------------------|---|
| THOMAS ASKWITH | Bank of England. |
| GEO. FRED. PUGHE | London and County Bank, 165, Westminster Bridge Road. |

ORDINARY MEMBERS.

| | |
|----------------------------------|---|
| JAMES PIERCE BLACKADER | London and County Bank, Albert Gate. |
| JOHN RICHARD DAWSON | Bank of England. |
| FREDERICK ELEY | National Provincial Bank of England, Burton-on-Trent. |
| ARTHUR HENRY ETHERINGTON | London and South Western Bank, Limited, High Street, Wandsworth, S.W. |
| CHAS. HERBERT GOODMAN | Bank of England. |
| JOSEPH HENRY GREENFIELD | Commercial Bank of Sydney, 39, Lombard Street, E.C. |
| EDWIN GRUNDY | Manchester & Liverpool District Bank, Oldham. |
| WILLOUGHBY DAVIES HODGES | Birmingham Banking Co., Kidderminster |
| WM. RODGERS KELSALL | Consolidated Bank, Hyde's Cross, Manchester. |
| JOHN COLLOW KERR | York City and County Bank, Leeds. |
| STANLEY LANTON | London and Yorkshire Bank, 7, Drapers' Gardens. |
| JOHN WILLIAM LYNCH | Oldham Joint Stock Bank, Oldham. |
| HENRY SULLIVAN NEWNHAM | Wilts and Dorset Bank, Salisbury. |
| EBENEZER THOMAS PARKES | Staffordshire Joint Stock Bank, Birmingham. |
| WILLIAM JOHN PEARCE | Crompton & Evans Union Bank, Derby. |
| EDWIN JAMES WALKER | Agra Bank, Limited, 85, Nicholas Lane. |
| ARTHUR WHEELER | Lloyds, Barnetts & Bosanquets Bank, 60, Lombard Street, E.C. |
| CHARLES HOWARTH WOODHOUSE | Worcester City and County Bank, Evesham. |

EXAMINATIONS, 1885.

The Examinations will be held both in London and the Country on the evenings of the 11th, 12th, and 18th of May.

The Institute of Bankers.

MARCH, 1885.

J. B. MARTIN, Esq., in the Chair.

ENGLISH BANKING PRACTICE.

By THOMAS B. MOXON, a Fellow of the Institute.

[Read before the Bankers' Institute, Wednesday, Feb. 18th, 1885.]



HAVING been courteously invited by our Council to read a paper before the Institute, I have prepared one on practical banking, which I hope may be of interest, at least to our junior members.

To-night I shall deal with banking currency and transactions. At some future time I may, if you so desire, complete my paper by reading those portions dealing with customers' accounts and banking securities.

Before plunging into my subject I should just like to remark that the signs which are used for figures (Arabic numerals), are derived from the initial letters of the Sanskrit numerals and are not arbitrary symbols.

COINS.

Our currency system is based upon the "sovereign," which contains $113\frac{1}{3}$ grains of fine gold, weighs, including the alloy, 123·274 grains when of standard weight, and is a legal tender so long as it weighs not less than 122·5 grains.

Any person who chooses to take to the Mint bar gold of the value of £20,000 is entitled to have it returned to him in sovereigns, containing the exact amount of gold which he brought, but as the Bank of England buys bar gold of standard purity or fineness at £3 17s. 9d. per ounce, in practice all bars are sold to the Bank, the loss of $1\frac{1}{4}$ d. per ounce being just equivalent to the loss of interest and other expenses incident on passing gold through the Mint. The half-sovereign is exactly half of a sovereign except that its least current

weight is 61·125 grains, and it, with the gold coins issued by the Australian Mints at Sydney and Melbourne, are also legal tender here. The grains referred to are, of course, troy weight, of which 5,760 make a pound troy, and 7,000 a pound avoirdupois.

The silver subsidiary coinage is based upon the shilling, whose standard weight is 87·272 grains. The bronze coins are the penny which should weigh on issue 145·833 grains, the halfpenny 87·500 grains, and the farthing 48·750 grains. Three new pennies weigh exactly an ounce avoirdupois, and a halfpenny is exactly an inch in diameter.

Our silver and bronze coins are termed token money because they only represent certain fractions of a sovereign, and are not intrinsically worth what they represent, the country making a profit, called "Seigniorage," upon their issue. For instance, an ounce of silver, which can be bought for say 50*d.*, is actually coined into 5 shillings and 1 sixpence, showing a profit of 1*s.* 4*d.* per ounce.

Gold coins are a legal tender for any amount, that is to say, may be used to discharge any debt. Silver coins are only legal tender up to 40*s.*, and bronze coins only up to a 1*s.*

BULLION.

Remittances from abroad are sometimes made in bullion, *i.e.*, precious metal of variable fineness, in bars, dust, or "groups," that is, mixed coins, medals, and morsels of gold. These are sent to a bullion broker who will, after assay and weighing, furnish an account sales, showing the weight, fineness, and money value of the remittance. If coin or bullion is sent by rail the railway companies will insure it for safe delivery at 1*s.* per cent. between any two stations in Great Britain, in addition to the usual charge for freight.

BANK NOTES.

Bank of England Notes are legal tender as well as our gold coins, so long as they do not exceed the amount of the debt to be paid, but no one is bound to give out change. They are not legal tender by the Bank of England or its branches, where sovereigns can be demanded, but not half-sovereigns or silver. All Bank of England notes are exchangeable into sovereigns at the London Office, but at a branch change can only be demanded for notes issued thereat.

Country Bank Notes are not a legal tender, and unless received for an antecedent debt, any loss arising from the failure of the issuers will rest upon the receiver, if there has been a reasonable time for him to have presented them for payment. Some country bankers when they receive them from customers stipulate that their clients shall not be discharged from responsibility for say ten days. If notes are forged, the receiver can undoubtedly reclaim their amount from the person who paid them to him.

Foreign Bank Notes should be treated as foreign bills, and sold through a broker. Australian notes are expressed in sterling but there is a heavy loss in realising them here.

Notes by Post.—Full particulars of the number, date, place of issue, and denomination should be taken of every note sent by post, and unless orders are given to the contrary they should be cut in two and the halves sent by different mails, one letter at least being registered. If they are transmitted by the channel and in the manner indicated by a customer any loss that may arise will fall upon him.

Lost Notes.—If notes are lost, although the loser can recover them from the finder, yet if the finder has paid them away for value to any person, not aware that they are lost notes, the holder has a good title to them and the rightful owner cannot touch him. The finder, whilst they are in his hands, has a good title against all the world except the loser.

"Stopping" Bank Notes.—In case of notes being lost they can be "stopped" by giving full particulars to the issuing bank, who thereafter, if the notes are presented for payment, will make inquiries as to the title of the presenter. If his answers are satisfactory, they are bound to pay the notes, and can only give the stopper information as to the circumstances under which they have been paid. When notes are stopped at the Bank of England the Bank makes a charge of 2s. 6d. for registering the stop.

Half Notes.—It is dangerous to make advances upon half notes, as the holder may have received them under conditions which he has not fulfilled, and in that case the sender can reclaim the halves already sent.

Destroyed Notes.—The value of notes that have been partially or wholly destroyed can be recovered from the issuers, on satisfactory proof of the destruction and a full description of the notes being given. The issuers are, of course, entitled to a satisfactory guarantee in such a case. The Bank of England has its own forms for such indemnities.

CHEQUES.

A cheque is an order *on a banker* for the payment on demand of a stated sum of sterling money. If the amount is described in a foreign currency a banker is not bound to pay the document, but, should he elect to do so, it is customary to convert the amount into sterling at the current rate of exchange at the place and on the day of payment.

All cheques should be drawn on the forms furnished by the banker, as a protection against forgery, and it is an improvement to insert near the end of the cheque-book a printed order for a new one, for the customer to sign. It reminds him that he will require a new book soon and makes it more difficult for one to be improperly obtained.

Number.—Cheques in books should bear a running number, the first and last number being noted in the Cheque Book Register, which is signed by the customer or his messenger when a new book is issued. If a cheque should turn up under suspicious circumstances it can then be ascertained from the register out of whose book it has been obtained. Many banks post cheques to their customers' account by the number, not by the payee's name.

Date.—If a cheque is undated, I think the Bills of Exchange Act, 1882, impliedly entitles the holder to insert what he believes to be the true date, though no alteration of a date can be allowed unless initialled by the drawer. A cheque may be dated on a Sunday and if post-dated (*i.e.*, bearing a date after the day on which it was actually issued) it is valid even in the hands of a holder who took it knowingly, and whether it be to bearer or to order. A banker paying a post-dated cheque incurs no penalty, but he cannot debit it before the day of its date to his customer's account, and meanwhile the customer may fail.

Stale Cheques.—What length of time makes a cheque out of date depends entirely on the circumstances of each individual case. A cheque which had been outstanding twelve months would certainly be refused payment on that ground, but the drawer of a cheque is not discharged from liability upon it for six years unless he suffer loss by the delay in presentation and then only to the extent of that loss.

Drawee.—The banker upon whom a cheque is drawn is under no obligation whatever to the payee or presenter of the cheque unless he chooses to incur one. His contract is with his customer alone and to him only is he accountable.

Bearer or Order.—Most cheques are made payable to bearer or to order, but if these words are omitted, unless there are words prohibiting transfer, the cheque (or bill, or note) is still held to be payable to order. The payee, as well as the drawer, may alter a cheque from bearer to order, but only the drawer can alter an order cheque to bearer, in which case he must affix his initials to the alteration. In this, as in all other alterations to cheques, every person who joins in the drawing of a cheque should initial any alteration. It is not sufficient that the secretary or other official should alone initial it. The Local Government Board will not allow any cheques under their control to be made payable to bearer.

Endorsements.—A banker need not pay any attention to the endorsements of a cheque to bearer, but if it is to order he must see that it is properly endorsed and that any special endorsements upon it are duly completed, although they are in a foreign language. A special endorsement is one in which an endorser orders payment to be made to the order of another party, who in his turn must endorse the cheque to complete the discharge. A blank endorsement is a simple signature without such an order.

An endorsement should be on the back of a cheque, but it may be upon the face.

If a cheque to order does not bear the name of a payee the drawer should endorse it ; so he should if to the order of "self." If it is to the order of two or more persons, not being partners, each and all of them should endorse, but bankers often are authorised to pay dividend warrants on the endorsement of any one of the payees. If the payee's name is wrongly spelled on the cheque, he should endorse it in the same manner, writing his usual signature beneath.

An endorsement in pencil is not illegal, but would generally be refused, as it might become illegible. An endorsement by an impressed stamp solely should be guaranteed by a banker, as it would be difficult to prove that it had been impressed by proper hands.

Although a cheque be payable to A. B. for credit of C. D., or to A. B. of London, &c., &c., the endorsement should consist simply of the payee's name without any addition.

No titles of courtesy such as Mr., Esquire, &c., should be given in endorsements, and a cheque to Mr. A. Brown endorsed "Mr. A. Brown" would be refused payment, though a cheque to Dr. A. Brown would be paid if endorsed "A. Brown, M.D." Christian names need not be given in full in an endorsement ; it is sufficient if the initials agree with the Christian names on the face of the cheque. A cheque to Messrs. Brown may be endorsed "J. & J. Brown," or "Brown & Co.," or "Browns." A cheque to Miss Smith, now married to Mr. Jones, may be endorsed "A. Jones, née Smith." A cheque to Mrs. John Smith may be endorsed "M. A. Smith, wife of John Smith." If the payee cannot write he should make his mark in presence of a witness, thus :—

his
John x Smith,
mark.

Witness, James Jones,
243, East Street,
London.

A cheque in favour of a man now deceased may be endorsed by his legal representatives. Any one administrator or executor can give a good discharge, but all trustees must join in an endorsement, whether trustees under a will, a deed, or an Act of Parliament (as trustees in bankruptcy), the form being—

For J. Robinson,
J. Green, an Executor.

or for self and co-executors of J. Robinson—
J. Green.

For J. Robinson,
J. Green, } Trustees.
T. Brown, }

A cheque to "The Dynamite Co." should be endorsed, "The Dynamite Co., J. Smith, partner," or "per pro The Dynamite Co., J. Green," and it is not requisite that Green should state his official connection with the company by adding secretary or manager, &c., &c., to his name.

An endorsement "per pro The Dynamite Co., Limited, per pro J. Green, secretary, A. Brown," is not a good discharge, because the holder of a procuration usually has no power to delegate his authority, and such an endorsement ought to be confirmed by a bank.

The signer of a procuration endorsement must give his full ordinary signature, not his bare initials.

Dividend warrants must always be signed by the actual person to whom they are payable. Procuration endorsements are not accepted on them under any circumstances.

Procuration endorsements are not accepted by Poor Law or School Board auditors, unless guaranteed by a bank.

Endorsements where "for" or "pro" is prefixed instead of "p.p." are not usually accepted, though there have been legal decisions in their favour, and even the endorsement of "S. & Co., per S. K., agent," has been decided to be a good discharge to the paying banker.

Though procuration endorsements are now accepted by all the banks in the United Kingdom, there is no legal compulsion to accept them, where it is considered desirable to have a confirmation.

If an agent endorses cheques payable to his principal by procuration, without authority, and fraudulently places them to his own account, his bankers will be liable to refund the money they have received for such cheques, unless, perhaps, they happen to be crossed cheques when handed to the bank.

In place of endorsement by the payee a banker will sometimes write on a cheque "placed to the credit of payee with us. P.P. Central Bank. A. Gill," but, though this guarantees that the money has got into the right hands, many banks refuse to accept such endorsements, unless prefixed by "Endorsed by order of and" &c. Cheques, however, made payable to a company for a call are usually honoured when endorsed "Received in payment of call and passed to credit of payees," the signature of the bank of course being attached.

A banker cannot demand a receipt on payment of a cheque to order when duly endorsed.

An endorser of a cheque guarantees the genuineness of it, and also its due payment, a transferor by simple delivery, without endorsement only guarantees its genuineness, but as a banker usually acts simply as collector, he can charge his customers with any cheques returned unpaid, whether endorsed or not, so long as he has not been guilty of laches (negligence).

All cheques should bear the endorsement or name stamp of the firm paying them to the bank, but they should not be specially endorsed to the bank. It is much preferable that the customer

should simply cross them with a stamp, thus "Ionian Bank a/c Green & Co.," and the bank will again, if necessary, cross them to their collecting agents.

Though the paying banker is absolved, should the apparently correct endorsement of a cheque prove to be a forgery, the banker who collected the cheque may be required to repay the money, unless the cheque were already crossed when it came into his hands, and were collected for a regular customer, not bought from a casual one. Under any circumstances the person for whom he collected the money would be called upon to repay it.

Amount to be paid.—When words and figures differ, the banker may pay the amount in words, but usually such a cheque is returned with answer, "words and figures differ." Where it is clear what amount is intended to be paid, a cheque should not be returned because of a trivial omission, thus, twenty one four shillings and six pence should be paid as £21 4s. 6d. Customers often are careless in filling up cheques, and by the use of pale ink, by disconnected words, by slovenly writing, and by the issue of cheques to unknown individuals, offer facilities for fraud that unfortunately too often cause loss to the banker instead of to the customer. Perhaps the easiest amount to alter is eight pounds, which by the insertion of "y" in the words and "0" in the figures is converted into £80. The use of punches, "Under Ten Pounds," "Under Fifty Pounds," &c., &c., materially spoils the field for the forger. Where a cheque has to be drawn for the balance of an account, and the amount of interest is unknown, it should be filled up "the balance of my account, *Twenty Pounds and accrued interest*," leaving the figure space blank for the banker to fill in the correct amount.

Drawer.—A cheque should be signed to correspond exactly with the specimen signature in the banker's signature book, allowing for the usual abbreviations. It is not however essential that in any banking document the signature should be at the end of it. "I, John Jones, request" is perfectly good, if you can identify the writing as that of your customer, but all variations from the usual form should be discouraged.

The qualifications of agents as drawers of cheques and bills will be dealt with under the head of accounts.

A cheque drawn by an illiterate drawer should be witnessed in the same way as an endorsement by mark. Such cheques should always be executed at the bank, and, if possible, the witness should not be a bank official, certainly not the paying teller.

In case of sickness, the doctor should give a certificate that the customer is unable to write, but is of clear and understanding mind, and he and some other respectable person should witness the mark. It may be an advantage to obtain a receipt on the cheque from the person to whom the money is paid.

If a customer is partially under the influence of alcohol, it is desirable, when possible, to have a witness to the signature of the cheque and the payment of the money.

Forged Signatures.—A forged cheque cannot, of course, be charged to a customer, but if the forgery is discovered the day the cheque is paid, and before the position of the person to whom it has been paid is altered, probably the money may be recovered from him, but after the day of payment there is no recourse against him.

If a forged cheque comes forward it is well to telegraph at once to the banker through whom it is presented, so as to nip the fraud in the bud.

Stamps.—Cheques, for however small an amount they may be, must be stamped, either with an impressed penny stamp, a penny postage, or two halfpenny postage stamps. If unstamped when presented for payment, the banker can stamp them and deduct the penny from the amount to be paid, or charge it to his customer. Cheques drawn abroad may bear an impressed stamp.

Cheques issued by industrial and provident societies, building societies and rural sanitary authorities require to be stamped, but those of poor-law guardians and government departments are exempt.

Crossed Cheques.—The crossed cheque is an instrument peculiar to the United Kingdom, and is not recognised abroad. It is a cheque crossed on its face by two parallel transverse lines with or without the words "and Company," "Not negotiable," "Under — pounds," or the name of a banker without the parallel lines. The effect of the crossing is that the banker upon whom the cheque is drawn is required to pay it only to some other banker, or, if a particular bank is specified in the crossing, then only to that bank. Any holder may cross a cheque or convert a general crossing into a special crossing. If a cheque is crossed by two banks, unless it is clear that one of the two is acting as agent for the other, payment should be refused. In practice such cheques are paid against an indemnity from the bank that receives the proceeds. If it is desired to cancel a crossing, the drawer, and he only, should write across the cheque "Pay cash," adding his signature or initials.

"Not negotiable" Cheques.—A *crossed* cheque bearing these words warns all holders that, if there is any flaw in the title to it the rightful owner may recover from whomsoever obtains cash for it. The bank that collects such a cheque for a customer is protected, though the customer himself may have to refund. The paying bank incurs no special liability on these cheques.

Presentment for Payment.—No delay should be made in sending forward cheques for payment, especially if they are to go through the

Country Clearing. Legally, until the close of the first business day after the day of receipt is allowed to present them or send them forward, if they are sent direct, but if delayed longer any loss incurred will fall upon the person responsible for the delay. In practice, all cheques which have to be sent by post are forwarded on the very day on which they are received. If it is desired to know early whether a cheque is paid or not, it should be sent direct to the drawees with request to them to advise its "fate." If a telegram is requested, only if unpaid, it is difficult to make sure of its payment until the close of the day, and hardly then. No cheques presented through the London Clearing House are absolutely paid until the end of the day, and the clearing London banks invariably present all cheques through this channel, therefore a London cheque should be sent through some non-clearing correspondent if early advice of its fate is required.

Cheques for large amounts, particularly if received from weak customers, or issued by weak drawers, may often advantageously be sent direct to the drawees for payment to agents in London. Such remittances should be attended to on the day of receipt, for though legally they may be retained until the day following, the remitting bank should advise its customer if it does not receive advice of payment in course of post. As a banker has no right to debit his customer with a cheque before the day he pays it, no matter when it is drawn, he incurs no loss by paying it over at once, and the courtesy of bankers to each other requires this prompt attention, which is rarely neglected.

Payment stopped.—The drawer of a cheque is the proper person to stop payment of it, and should any other person apply to do so, he should be required to obtain the requisite order from the drawer, though of course meanwhile care will be exercised not to pay the cheque, should it be presented, until it is ascertained that the presenter is entitled thereto. After orders are received from the drawer not to pay a cheque, the loss will fall upon the banker if he should pay it. He should therefore be careful to advise every office, where that particular customer's cheques are payable, of the stop, as soon as he receives notice of it.

A strong argument against paying cheques out of hours is that, if by doing so the drawer is deprived of the opportunity of stopping payment of a cheque, and thereby he incurs loss, the banker may be held liable to recoup him. Although no responsibility to the holder of a stopped cheque devolves upon the banker on whom it is drawn, yet if it is out of the hands of the payee when the payment is stopped, and is not tainted with forgery, any holder for value can sue the drawer upon it, unless it is a "not negotiable" cheque.

It is not requisite for the drawer to stop payment of a cheque because the payee is bankrupt, in fact it might be dangerous so to do, as a *bonâ fide* holder would be entitled to demand payment of it.

Drawer dead.—After a banker hears of the death of a customer, he must not pay his cheques, but return them marked “drawer deceased.” Any cheques paid after his death, but before notice of it is received, are in order, and can be debited as usual. This regulation only refers to personal accounts, or where the deceased is sole partner in the firm. The death of a partner does not stop payment of cheques signed by him in the firm’s name, nor does the death of a treasurer stop cheques drawn by him officially.

Donatio mortis causa.—Though a cheque delivered but not cashed before the death of the drawer cannot be cashed by the banker after his death, yet if the recipient has endorsed it over to a third party for valuable consideration before, or without notice of, the death, it is a completed gift, and the executors will have to pay it.

Act of Bankruptcy.—As soon as a banker knows that his customer has committed an act of bankruptcy, he must cease to pay his cheques, but it must be an actual act of bankruptcy. Thus, if the customer says that unless he receives help he must stop payment, that is not enough in law to make “an act of bankruptcy,” though after such a remark the banker would of course take care not to let him overdraw or increase his liabilities to the bank. If the notice is not direct from the customer or someone acting for him, it will be well to send to his place of business and confirm the rumour before dishonoring his cheques.

Payment.—Having seen that the details of the cheque are in order, and that the cheque is not stopped, and the drawer is not dead, and has not failed, the cashier may proceed to payment, subject to the state of the drawer’s account. Great care must be taken to make sure that everything is credited before a cheque is dishonoured on the ground of want of funds, for a banker will certainly be mulcted in damages should he improperly refuse payment, and so damage his customer’s credit.

If it has been the custom to pay cheques against securities, the privilege must not be withdrawn without first advising the customer, unless the securities have suddenly depreciated in value. If there are sufficient funds, irrespective of interest and charges, these should not be debited at an unusual time, without notice, and then a cheque dishonoured for want of funds, but a cheque can be returned with answer, “effects not cleared,” though previously the customer has been permitted to draw against such payments to credit. If a banker holds a cheque over instead of returning it, and the drawer pays in to his credit enough to cover it, the banker is bound to pay the cheque, irrespective of the state of the drawer’s account. Instead of holding a cheque over and advising the remitter, it is wiser to return the cheque at once, and to recall it by telegraph when in a position to pay it.

If the total amount of the cheques presented exceeds the available funds of the drawer in his banker's hands, usually those cheques would be paid which are within the available amount, but in a similar case the Bank of England returned all the cheques presented.

When a cheque is returned for want of funds, the best answer to give is "Refer to Drawer" (or "R/D"), but if the answer is "not sufficient funds" (or "N/S"), on no account should the deficiency be stated. After a cheque has been refused which exceeded the customer's balance, smaller cheques may still be paid when presented. In Scotland, however, it is not so; presentment of a cheque there establishing a lien on the balance in the bankers hands in favour of the holder of the cheque.

When payment of a cheque is refused on technical grounds, it is desirable to express them so clearly that no imputation can be cast upon the credit of the drawer, and therefore it is often desirable to add to the answer, "will pay on banker's guarantee." If a cheque can conveniently be sent to a customer, for the correction of a technical flaw, it is much better to do so rather than to return it unpaid.

If a cheque has been cancelled in error, the cancellation may be annulled by writing under it "cancelled in error," and the initials of the canceller.

If a cheque is presented with a bill attached to it but to which it makes no reference, a banker is not entitled to refuse the cheque because of any irregularity in the bill, but it is otherwise if the cheque refers to the bill.

Legally, if B. pays to his credit with X. a cheque drawn upon X. by A., and X. receives it without remark, X. may return it unpaid to B.'s debit the day after receipt, but in this as in many other cases it is well not to rely upon legal rights too strongly, for such action would tend to discredit a bank in the eyes of the public. It is not reasonable that B. should occupy a worse position for being a customer than if he were a stranger.

A cheque is paid so soon as the money is passed across the counter, and a banker has no legal right to demand it back again. The payment dates from the actual day of payment, not from the date of the cheque, and the interest account should be calculated accordingly; a cheque paid by an agent under standing orders should be charged, as to interest, from day of payment, not from day of receipt by the drawer's bankers.

Mutilated Cheque.—If a cheque bears evidence of having been torn, as though to cancel it, payment should be refused. If it has been cut or torn in two, it is usually returned, unless endorsed in some such form as "Accidentally mutilated by us," duly signed by a banker.

Dishonored Cheque.—For whatever cause a cheque is dishonored notice should immediately be given to the customer from whom it has

been received, if it is not actually returned to him. If it is desirable to retain a hold on the drawer, notice should be given to him also, without delay, on a similar form to that used for dishonored bills.

If a banker has to return a cheque he should send it back to the bank or person from whom he received it, unless it comes through the London Clearing House, when it should be sent to the bank who, from the crossing, appear to have sent it to be cleared, not to their London agents.

Even if a dishonored cheque is reclaimed by the bank on whom it is drawn, the banker to whom it was returned should let his customer know of the return, as it is an indication of the weakness of his customer which he should be made aware of.

If a dishonored cheque bears foreign endorsements it may be desirable to treat it like a bill, and have it protested, but this will depend upon the instructions given by the customer when paying it in. If any delay is occasioned by obtaining protest, notice of the dishonor should be given at once, without waiting for the documents. If a cheque be dishonored, and paid on representation, commission upon it cannot be claimed from the paying banker.

Cashing Cheques.—If cheques on other offices or banks are cashed against standing orders they fall under the rules for the payment of cheques; but if cashed without authority from the bank on whom they are drawn, the presenter, who should endorse the cheques, is liable if the cheques are returned. If a cheque is cashed for a stranger it is much safer to take a bearer cheque, because if it is paid by the banker on whom drawn, though it should afterwards prove to be a forgery, if he does not give notice of the forgery on the day he paid the cheque, he cannot recover the money from the banker to whom he paid it, though the latter would be liable on a forged endorsement.

A cheque may be accepted, but it is not desirable for a bank to encourage this practice, known in America as the "certification of cheques."

All paid cheques should be visibly cancelled before they are put away or given up. This is often done by punching a hole in them.

Paid cheques are the legal property of the drawer, but the paying banker is entitled to an acknowledgment that they are correct, and correctly charged to the customer's debit, before he parts with them.

Lost Cheques.—If the payee selects the channel through which the remittance is made, or the ordinary means of communication are made use of, the loss falls upon him, and he must find the indemnity requisite before a new cheque is issued. On a satisfactory indemnity being offered he can insist upon a new cheque being given to him.

When a cheque is lost, the loser should at once advise all who are parties to it, get payment stopped by drawer, and advertise the loss, but if no forgery is requisite to enable the cheque to be cashed, any

person who takes it honestly and for value can compel the drawer, not the banker on whom drawn, to pay it, if it is not "not negotiable." The drawer must in such a case recover upon the indemnity, if he has issued a duplicate.

CASH ORDERS.

These are inland drafts on demand, drawn by traders on traders (therein differing from cheques). Generally they are subject to the laws of bills of exchange.

They should be presented for payment within the business hours of the drawee, and the presenter may insist upon being paid in legal tender, though it is usual to accept silver, if sent by the drawee to the bank. If the collecting clerk has permission, he may give the order up in exchange for the drawee's cheque, or the order may be held till the cheque is paid, or it may be attached to the cheque. A cheque given for a cash order has this advantage, the holder can sue the drawer of it, though he could not sue him as drawee of the cash order. If the order is not paid on presentation, a notice is usually left describing it, and requesting payment to be made at the bank that same day before the close of the bank's business hours. If the order is not taken up by the close of the business day following the day on which the order was presented for payment, it is returned to the remitter with answer "Notice left."

Cash orders are not noted, being usually inland documents. If they are foreign drawn they are treated in all respects as bills of exchange.

Some banks object to collecting cash orders, and either make a heavy charge upon them or refuse to receive them at all.

The acknowledgment of receipt of a cash order must not be accepted as an indication that it has been paid, though if it is held over unpaid it is much the better plan to say so in the acknowledgment. Sometimes a customer gives standing instructions to pay orders drawn upon him by specified individuals, but it is well to require advice from him of each order to be paid, so as to lessen the risk of paying a forgery, the loss on which would fall upon the banker.

POSTAL ORDERS AND POSTAL NOTES.

Wherever these are made payable they can all be actually cashed at the General Office in London. A banker is not required to give the name of the remitter, but on the other hand a banker has been called upon to repay a Post Office Order six weeks after he received cash for it, and he cannot receive payment of crossed Postal Notes until they have been examined at the General Office, unless he signs a special undertaking.

BILLS OF EXCHANGE AND PROMISSORY NOTES.

These form a very important part of a banker's assets, and it requires considerable discrimination to apprehend what bills are based upon proper mercantile transactions, what are practically mortgages upon inconvertible property, and what are simply accommodation bills, though called by a much less offensive name. Bills drawn by merchants on manufacturers, by manufacturers on wholesale dealers, and by wholesale dealers on retailers, are regular and proper in most trades, though it is necessary to know the customs of each trade before its bills can be criticised. Accommodation bills, created simply to assist one of the parties thereto, can often be detected by a consideration of the business relations of the two parties, but only experience can teach the manifold phases which bills of this character assume.

Inland Bills are those both drawn and payable within the British Isles, or drawn within them upon some person resident therein. The British Isles are Great Britain and Ireland, the Islands of Man, Guernsey, Jersey, Alderney, and Sark, and the islands adjacent thereto, being part of the Queen's dominions. Such bills are generally "sola" bills, that is to say, are represented by only one document, not by duplicate or triplicate documents, called a "set," as in the case of foreign bills.

The Date.—A bill should be dated. If it is not, any lawful holder may put in what he believes to be the true date, but the acceptor should be advised of the date inserted so that he may rightly calculate when the bill falls due. No alteration must be made in a date without the consent of the drawer and acceptor, signified by their initials being affixed.

A bill may bear date prior to, or subsequent to, the day on which it was actually made, or to the date of the impressed stamp, and it may be dated on Sunday.

The currency of a bill is the period of time which must elapse before it is due. If the period is expressed in months, calendar months are meant, and the three days' grace are added at the end of the term. Thus, a bill at three months' date, dated 28th November, would complete the three months on the 28th February, and the three days' grace would make it due 3rd March, unless, being leap-year, February had 29 days, when it would be due 2nd March. In calculating the months no allowance is made for lacking days, so a bill at three months' date from 30th November would complete its three months at the end of February, the 28th or 29th, as the case might be, and would consequently still fall due on the 3rd March.

Bank post bills issued by the Bank of England take no grace. All other bills, even those drawn upon that bank by its correspondents, follow the rule and take three days. Days of grace are alike granted

upon bills of exchange and promissory notes. If they are payable by instalments, grace is allowed on each instalment. Bills are always described as due on the third day of grace, even if it falls on a holiday or a Sunday. If in the above case 3rd February were a Sunday, to describe the bill as due 2nd February would probably cause its dishonor, although actually it would be presented and paid on that day. Some Russian and other Eastern drawn bills are dated according to the old style, to which 12 days must be added, before the computation of maturity, to bring the date into accord with the Gregorian calendar.

At sight drafts are payable on demand, and take no grace.

After sight Drafts.—The currency is reckoned from the date written by the acceptor as that whereon he first saw the bill. If it has been noted or protested for non-acceptance, the period is calculated from the date of noting, and anyone intervening for honor must calculate the currency from that date, not from the date of his intervention.

Date for Payment.—If a bill falls due on Sunday, Christmas Day, Good Friday, or on a public fast or thanksgiving day appointed by royal proclamation, it must actually be presented and paid on the previous business day, but if it falls due on a bank holiday it must be presented and paid on the business day next after the holiday.

Bank Holidays in England and Ireland are Easter Monday, Whitsun Monday, the first Monday in August, and the 26th of December, or, if that is a Sunday, then the 27th December. In Scotland they are New Year's Day and Christmas Day (or, if these fall on Sunday, then the following Mondays), Good Friday, and the first Mondays in May and August.

Overdue Bills.—If bills are overdue, the recipient cannot acquire or give a better title than the person had from whom he received them.

Amount.—The words in the body of a bill or note fix the amount of the bill, the figures are but a memorandum. If they differ the customer and the acceptor should be advised of the correct amount, as given in words, and it should be marked in red ink over the figures. It is better however to return such bills for correction.

Value received, or similar words, need not be inserted in an inland bill, but are requisite in a foreign one. Reference to particular securities or goods described by their marks does not give the holder of the bill any lien on them, unless he has the actual documents of title.

Foreign Money.—If the amount is specified in foreign money the sum to be paid is calculated at the rate of exchange for demand drafts,

at the place where the bill is payable, on the day it is due, unless the bill is drawn "Exchange as per endorsement," or some other indication is given in the document of the amount to be paid in sterling.

Drawer.—The drawer guarantees, by drawing, that the bill will be duly accepted and paid at maturity. If he is a minor, although the holder has no recourse against him, he may derive through him a right of action against the acceptor of the bill, and similarly if the drawer be a company or corporation who acted *ultra vires* in drawing the bill.

Acceptance.—Until a bill is accepted no one except the drawer has any claim whatever upon the drawee. Before sending out a bill for acceptance a banker should, if the bill is his own, make it specially payable to himself, or to the agent through whom he will send it for payment. Although a bill be unaccepted, if it be a bill from abroad, it may have an indication anywhere about it, indicating that another part of the "set" is accepted and in the hands of a specified person; often expressed, "First and in need with Messrs. —." The advantage of this plan is that earlier acceptance is obtained, with its additional security. In such a case the banker will exhibit the "part" he holds to the person indicated as the holder of the accepted part, applying for it, and the holder is required to hand over the acceptance if the two parts agree; probably there may be no endorsements upon the accepted part, or only a portion of the series of endorsements which are on the other, but if, as far as they go, the two parts agree, they are fastened together and form one bill.

No time should be lost in presenting a bill for acceptance, unreasonable delay would, in case of the failure of the drawee, discharge the endorsers, and if the bill is drawn "after sight" every day's delay postpones the day for payment of the bill. Bills should be sent out for acceptance at latest on the business day next following the day of receipt. In London bills after date having more than three days to run are presented for acceptance.

The bill must be tendered to the drawee for acceptance; he is not required to call to see it. It can be sent by post, but if the holder does not care to trust the drawee with it, and he resides at a distance and is asked to call, the person from whom it has been received should be promptly advised of the course adopted. If it be sent by post, either direct to drawee or to a bank, a stamped envelope should be enclosed for its return, unless the bank to whom it is sent is a recognised agent of the sender. Presentation should be during the usual business hours of the drawee, and he is not required to date his acceptance from the actual day on which the bill was left, if left after such hours. He is not required to accept it at once, but is entitled to have until the close of the following business day to decide upon the course he will adopt. He cannot insist upon the bill being left in his possession so long, though it is customary to leave it. If however

when the bill is tendered, he chooses to give an answer at once, the presenter need not wait until the following day, before dealing further with the bill.

If the bill has documents attached to it they should be exhibited with the bill for examination (both bills of lading and insurance policy, &c.) but the drawee cannot demand that these should be left with him, and it is not customary to do so unless the drawee be a banker. If documents are so left, and the drawee wrongfully retains them he commits a criminal offence. When documents are attached to a bill there should be a ticket stating whether the instructions are to deliver "Documents on payment," or "Documents on acceptance." If the holder sends the bill by post for acceptance he should repeat these instructions, and any other such, as "protest if not accepted," or "incur no expense," &c., &c., in the letter. These instructions should be strictly attended to in all bills received to procure acceptance of, because any neglect of them may involve the party guilty of negligence in liability on the bill. It is customary when presenting bills for acceptance to attach a ticket "Left for acceptance by _____ of _____, 17 February, 1885." In country towns it is advisable to add "to whom *only* the bill must be returned," and, if the bill entitles you to say it, "to be accepted payable in London."

If the bills are on demand, payable elsewhere than at the residence of the drawee, an endeavour should be made to recover them before the close of business hours on the day on which they are presented for acceptance.

If a bill is drawn payable at any other place than the drawee's residence or place of business, it must be presented to him for acceptance before it is sent for payment, even though this will prevent the bill arriving at the town where it has to be paid until after the due date, but in such a case notice of the circumstance should be sent to the remitter, particularly if the bill has foreign endorsements. If the drawee is dead, an attempt should be made to find out his personal representatives, and to present the bill to them; if they are not known it should be presented at his last residence. If he is bankrupt the bill may be presented to him or his trustee. If there are several drawees, the bill should be presented to each of them if they are not in partnership.

Acceptance is signified by the signature of the drawee upon the bill (even on the back) and that in English law is sufficient, without any addition. If the bill is after sight, the date of sighting must be added. If the bill does not specify where the bill is to be made payable, the acceptor is not entitled to make it payable out of the town in which he resides, unless perhaps in London, according to custom, and nothing must be added to his acceptance to indicate where it is to be paid without his sanction.

The acceptance can be given before the bill is signed by the drawer, or whilst it is otherwise incomplete. If instead of accepting

a bill the drawer gives a cheque (not requiring endorsement) and bearing the due date of the bill, this is not an acceptance within the terms of the Act of 1882, and the endorsers should be advised thereof, and their consent obtained.

The drawee of a bill must be very careful not to accept more than one part when the bill is drawn in a set ("first, second, and third of exchange") for if he accepts two parts he may have to pay both of them.

The drawee will be careful not to accept any drafts drawn by a per procuracion which is not known by him to be authorised by his correspondent,

The acceptor may cancel his acceptance so long as it remains in his own hands, provided he has not declared his intention to accept, and thereby caused a third party to rely on the bill. After he has delivered the acceptance he must not revoke it, nor can he thereafter dispute the drawer's signature. If he has been induced to accept the bill by fraud, he of course can repudiate liability on the bill, but not simply because the consideration for which he gave the acceptance has failed, if the bill is in the hands of a *bonâ fide* holder for value, as for instance where the bills of lading attached to the bill turn out to be forgeries.

An acceptance is termed "general" if it consists simply of a signature, or of a signature and an indication of the place of payment, *without* the addition of the words, "and there only and not elsewhere," or their equivalent. These words would make it a "qualified" acceptance.

A general, or "clean" acceptance, enables the holder to present the bill at maturity to the acceptor himself, without presenting it at the indicated place of payment (domicile) but by doing so, though he would retain his recourse against the acceptor, he would release all the endorsers. A qualified, or conditional, acceptance is sometimes tendered, particularly in the case of bills with documents attached which are to be given up on payment. It seems natural that the acceptor should embody this stipulation in his acceptance, but if the holder accepts such a qualification without the authority of the prior parties to the bill, they are relieved from liability on it. It is said that if, in place of noting this qualification on the bill a "back letter" be given undertaking in consideration of the acceptance to give up the documents on payment, the prior parties are equally released. In the Indian trade, however, such qualified acceptances are recognised by the custom of merchants. In any case of qualification a banker will, of course, notify his customer and obtain his instructions or confirmation, meanwhile receiving the bill without prejudice to any interests therein.

If a documentary bill is sent out or received for acceptance, precise instructions should be attached indicating whether the documents may be given upon an acceptance or on payment, whether insurance

policy or certificate is annexed or is required, and whether it must be stamped with the English Revenue Stamp. If the Insurance Certificate refers to an open policy, and the bill is held for collection, application should be made to the Insurance Company or broker issuing the policy for confirmation. If an acceptor of a documentary bill who is not entitled to the documents on acceptance desire to obtain them, by merchants' custom he is allowed to have them on payment of the amount of the bill under rebate (or discount) at one half per cent. above the advertised rate for short deposits with the chief London Joint Stock Banks. The rebate should be calculated from the day upon which the actual cash will be obtained by the owner of the bill at the place where it is payable, not from the date upon which he will receive the draft for the amount, and he is entitled to this payment free of any charge for commission or exchange. A bill taken up under rebate should be duly stamped and discharged. Sometimes documents are obtained by a banker intervening on behalf of the acceptor and guaranteeing the due payment of the bill at maturity, which, by the by, has quite recently been declared *ultra vires*, though had the bank endorsed the bill the guarantee would have been just as effectually given and no question of capacity could have arisen. Sometimes the documents are surrendered to a broker on his undertaking to pay over the whole of the net proceeds of the produce or absolutely to pay the bill at maturity, but whoever applies for the documents should produce an order from the drawee of the bill authorising the delivery of the documents to the applicant or to his order. If a documentary bill is taken it is desirable that the bills of lading, &c., should be endorsed in blank, and not specially, so as to avoid any question as to the personal liability of the holder, not being actual owner of the goods for, freight.

Bills of Lading only *purport* to be for certain articles, and may turn out to represent rubbish, therefore they should only be relied upon when received from strictly honourable people. The freight and customs' duties may prove so heavy that if the goods are thrown on the hands of the holder of the bill they may realise but a trivial amount compared with their apparent value when shipped.

The drawee is the person who himself or by his agent should accept the bill, and if his name or address is inaccurately given on the bill they may be corrected. Acceptances by minors are invalid. Acceptances by a partner in a non-trading partnership, such as a firm of doctors or lawyers, do not bind the firm but only the individual signer. Per procuration acceptances only bind the drawee to the extent of the authority he has given the signer.

Two distinct firms, having one or two partners in common and trading under the same style, are liable on each others acceptances to a *bonâ fide* holder without notice, and directors of a company which has no power to accept bills are themselves personally liable on their acceptances purporting to be on behalf of the company to a

holder for value who is unaware of the incapacity of the company to accept.

After sight Bills.—The acceptance should bear the date of the day on which the bill was first left with the drawee, not that of the day on which the acceptance is written on the bill. If accepted thus, "Sighted 20 December, accepted 21 December," the currency must be calculated from the sighting date. After sight bills must be presented for acceptance within a reasonable time or prior endorser to the bills are discharged.

Partial Acceptance.—If a bill is accepted for a less amount than that for which it is drawn the holder must without delay get the approval of the person from whom he received it or reject the bill. If it is a foreign bill it must be protested for the unaccepted balance.

Acceptance for Honour.—If a bill is refused acceptance by the drawee, or if it is protested "for better security" after his acceptance and subsequent failure, it may be protested for honour. After protest it should be presented to any "case of need" named on it, and if the case of need intervenes he should accept thus—

"Accepted for honour and account of A. B. & Co. (drawer or endorser), with £ : s. d. Notarial Charges, and will be paid if regularly presented when due.

"N. Y. & Co."

Application for Accepted Bills.—On the day following that on which the bill has been left for acceptance it should be applied for and described by its amount, the applicant also giving the name of the presenter. If the presenter by negligence allows these particulars to become known, so as to enable a stranger to apply for the bill, the loss falls upon the presenter. On receiving it the applicant will see, before leaving the acceptor's office, whether the acceptance is regular and completed. If there is any delay in recovering the bill, notice should at once be given to the person from whom the banker received it.

Non-Acceptance.—Bills refused acceptance should be promptly returned to the owner. An inland bill does not require noting or protesting, but a foreign bill should always be protested unless the holder is instructed to the contrary. A form of protest for use, where no notary is available, is given in the section on non-payment. Sometimes it is convenient simply to note a bill and obtain the owner's instructions before incurring the greater expense of protesting, for if a bill be duly noted a protest can be extended at any time.

In the United Kingdom the holder is entitled to recover the amount of an unaccepted bill at once from the prior parties, and so he is in the United States, but elsewhere he can only demand better security for payment at maturity. Bills drawn upon the United Kingdom are, of course, subject to its laws in this matter so far as concerns residents therein.

Bank Acceptances.—A depositor cannot insist upon a banker accepting an undue draft against his deposit without his prior consent.

Failed Acceptors.—A banker cannot compel his customer by law to withdraw the acceptances of a failed firm before maturity, but some bankers nevertheless require them to be taken out of their hands upon the announcement of the failure.

Endorsements.—In the United Kingdom a bill may be to bearer or order. If to order of course it must be endorsed. It may be endorsed on the face. The endorsement should agree letter for letter with name given as payee or indorsee on the bill. If it is wrongly given, the endorser should write it in the same manner and add his proper signature under.

All bills paid to credit should be endorsed by the customer to whose credit they are to be passed, but if a banker has received unendorsed bills for good consideration he can compel endorsement by his customer, or by his trustee in bankruptcy. It is desirable that the same partner should draw and endorse bills, as it assists the paying banker, who would be liable to his customer if he paid a forged endorsement or refused a valid one. If the endorsement is per procuration the banker may require proof of authority to endorse, though this is not usual.

If a banker pays a bill on a forged endorsement he may perhaps be able to reclaim the amount thereafter from the person to whom he paid it. If a bill is payable to several persons, not partners, each one of them must endorse. A minor may endorse so as to transfer a good title, though he will not be liable on the bill himself. An executor or trustee may endorse but usually such endorsements are guaranteed by his bankers.

A forged endorsement or an unauthorised one is inoperative and gives the holder of the bill no right to retain or to deal with it.

A bill with a restrictive endorsement should not be taken—"Pay A. B. for my account" is such an endorsement. The payer of a bill with such an endorsement is not responsible for the correct application of the proceeds. An endorsement as surety is often wisely supported by a note from the endorser, stating in what capacity he endorses.

An endorser "without recourse" (*sans recours*) is liable on any previous forgeries, though not for failure of payment of the bill.

An endorser, or any other party to a bill, to whom it is endorsed back again, cannot sue any of the intermediate parties.

A bankrupt endorser gives a good title to a person taking the bill in good faith, without notice and for value.

Bills remitted for collection should not be specially endorsed but any specialty should be completed by an endorsement in blank and the remitter's stamp on the back. "Remitted from B. bank to C. bank for collection."

Revenue Stamp.—All bills drawn in the United Kingdom must be drawn on stamped paper. If drawn abroad, the proper *adhesive* stamps must be affixed when the bill is put into circulation (they need not be on when the bill is accepted) and should be cancelled by the name or initials of the firm affixing them, with the true date of so doing. Penalty for not thus cancelling them is £10.

If the bill is in a set a stamp for the full amount of the duty should be affixed to one of the parts. A bill drawn abroad upon an English *impressed* stamp does not satisfy the law; the stamp, if the bill is not on demand, must be an adhesive one. If the bill is in foreign currency its amount, for purposes of the Stamp Act, is to be calculated at the rate of exchange on the day of its date, not of its maturity.

Occasionally a bill is received from abroad, duly accepted, but purporting to be drawn in the United Kingdom upon unstamped paper, in such a case a copy of the bill may be drawn upon a properly stamped form and attached to the acceptance after being duly signed by the drawer of the bill. This is a practical way out of the difficulty, though its legality may be questioned.

Unless it is desirable to secure right of action in foreign Courts, it is not necessary to give attention to the foreign stamp. If the bill is payable with interest the stamp need only cover the amount of the principal.

Spoiled Stamps may be recovered within six months from their date, if the bills have not been accepted or presented for acceptance. Fuller information will be found in the Banker's Almanac, or can be obtained from any stamp distributor.

The stamp cannot be impressed upon inland bills after they are made, nor can a stamp of insufficient value be supplemented. A fresh bill must be drawn.

Presentation for Payment.—On the day a bill matures it should without fail be presented for payment at the place indicated in the acceptance, even if the holders have met the acceptor elsewhere, or if he has said, before maturity, that he will not pay it, or if he has failed, or is dead. It need not be to the acceptor himself if presented at his office or house to anyone apparently in a position to give an answer, and it must be tendered within his usual business hours. The bill itself should be actually presented, the acceptor is not bound to send down for it. If it is not presented on the due date, though the endorers are discharged, he is still liable upon the bill, subject to relief for any loss accruing to him in consequence of the delay. If the bill has been accepted for honour, it should be first presented for payment to the original drawee, and on his refusal notice should be given at once to the acceptor for honour, to whom, after protest for non-payment, application should be made for payment with charges, not later than the business day following the due

date. If the drawees are not partners, the bill must be presented to each of them, unless a place of payment is indicated upon it.

Some banks do not like to receive bills for collection more than three or four days before maturity, but it is well that they should arrive at least the day before maturity, or a little earlier if not payable at a bank, because the banker may wish for special instructions before incurring heavy charges for presenting, if the acceptor live miles away as sometimes happens.

Banks usually endorse bills they send out for collection, placing over the endorsement the word "received," thus converting it into a receipt and hindering further negotiation in case the bills are lost. Receipts on bills duly stamped require no receipt stamp.

When a bill not domiciled at a bank is not paid on presentation, it is usual to leave a notice describing it and requesting that the amount may be sent to the bank within business hours. If a bill *for collection* falls due after the death of the depositor it should, on collection, be passed to the credit of his executors, unless the banker has a lien on the document.

Delay in presentation is excused so long as it is *entirely* beyond the control of the holder.

Payment should be made at the place indicated in the acceptance. The acceptor naturally is the person who ought to pay the bill at maturity; but if he does not any endorser paying it is entitled to prove upon the acceptor's estate for the amount, with expenses and interest, and he is also entitled to the benefit of any securities which may have been deposited with the holder by the acceptor to cover the bill.

If payment is not made in legal tender the bill should not, under ordinary circumstances, be surrendered until the articles received in payment have been converted into cash, and even then should anything be reclaimed there is no recourse against any of the parties to the bill, except the acceptor, unless they have given their permission for such articles to be taken in payment. If a cheque is tendered in payment the bill should not be surrendered but attached to the cheque to be given up with it on its being cashed, and under no circumstances should a cheque be received which cannot be converted into cash on the day the bill is due.

Part payment should be endorsed on the bill thus:—"Received pounds in part payment of within bill, without prejudice to the rights of other parties." If the bill has to be sent abroad it should be protested for the unpaid balance.

In case of payment after dishonour, the drawee should reimburse the holder for the expense of noting or protest ("Brookes' Law of Notaries."). Payment by a bank where the bill is domiciled can be made, if the acceptor keeps his account there, without any advice beyond the acceptance on the bill, though some provincial banks refuse payment of such bills unless special orders to pay are given by the acceptors.

If the bill is payable at the London agents of his bankers, the acceptor must of course request them (his bankers) to order their agents to pay it, and such instructions should be given sufficiently before maturity of the bill to enable them to be repeated to London before the due date. A customer's order to his bankers to protect his own acceptances requires no revenue stamp; if to retire another man's acceptances, it should probably be stamped. If documents are attached to an acceptance, they should be fully described in the order to retire it. Care should be taken to disclaim all responsibility in case of bills to be retired which are not payable at the office of the country bank's own agents, or which are to be taken up with noting. The order may be advantageously worded, "Instruct your London agents to pay above acceptances when presented at their office."

Bills Advised but not Presented for Payment.—When orders are received by a banker to retire a bill payable at his London agents he will debit his customer and credit them. If the bill is not paid within a reasonable time, he should advise his customer and seek his instructions. If he desires the order to be cancelled, after having done so and having made sure that the advice is also cancelled by his agents, the banker should reverse the entry and credit his customer again. One judge has, somewhat unreasonably, demurred to interest being charged against the customer under such circumstances whilst the amount was standing to his debit.

Orders to retire Acceptances.—These should be signed exactly the same as a cheque, unless special instructions are given at the opening of an account.

If such an order is received near the maturity of a bill, and the customer's account will not warrant the bankers in providing for it, it is not enough simply to acknowledge receipt of the order, they must distinctly intimate that their attention to it depends upon their being provided with funds.

Special Appropriations of payments to credit must be attended to, and if a customer pays in money, and at the same time declares it is to meet certain bills, the banker is bound so to appropriate it.

Acceptances of Strangers.—A banker cannot be compelled to receive money to retire bills domiciled with him or his agents by persons having no account with him, and he should always refuse to retire bills at the request of persons other than the acceptors, even if he knows them, because this opens a field for fraud and forgery. Attention to this rule would prove of mutual advantage to all bankers.

The death of Acceptor before payment of the bill, if known to the bankers cancels their authority to pay, and so does his bankruptcy.

Payment must of course be only made upon the accepted part when a bill is drawn in sets, and all endorsements must be followed even though there be a break in the speciality, and though the endorsements are in a foreign language.

If payment is made to a holder whose title depends upon a forged endorsement, the payer cannot charge his customer with the bill, though he may (perhaps) recover from the person to whom he paid the money. If the forgery be in the acceptance itself, not in the endorsements, he cannot recover from the holder, unless he discover the forgery and give notice of it on the very day the bill is due. The like holds good as to letters of credit, where the issuer stands in the same position, as to forgery, as the acceptor of a bill.

Payment for Honor.—This should only be made after the bill has been presented to the drawee and protested for non-payment.

Payment under Rebate.—In addition to the notes on this point under the head of "Acceptance," it may be remarked that the discharge should be "Received payment under rebate from

@ per cent. this day of" If a bill has no documents attached to it, or if they are surrendered to the acceptor on acceptance or at any time before the maturity of the bill, he cannot insist upon the bill being surrendered under rebate.

If a bill is given up under rebate because the acceptor is weak or has failed the person who receives the money should cancel his endorsement, so as to preclude future liability under any possible circumstances.

Bills Recalled.—It is well to ascertain the reason of the recall, whether because the acceptor has remitted direct to the drawer, or because he requires assistance to meet the bill or a renewal of it, in which case a note should be made in the opinion book, for future guidance. Acceptances recalled before maturity should not be cancelled, neither should they at maturity, if retired by other than the acceptors, in which case therefore do not order payment but "withdrawal" of the bills.

Non-payment.—If a bill is not paid on presentation on the due date, it should, if not a purely inland bill, be certainly noted the same day, though the protest can be completed on a future day. If, however, there is no available notary, the protest must be made on the due date. It is useless to attempt a protest after the due date, unless in the usual course of business a bill has been sent by post direct to the house where it is domiciled, when it can, immediately on its return, be protested as from the due date, if it leave the domicile on that date. Where no notary is available any householder or responsible person may give a certificate, signed by two witnesses, attesting the dishonour of a bill, which will operate in all respects as a protest.

The certificate should run—

Know all men that I, A. B. (householder), of _____ in the county of _____ in the United Kingdom, at the request of C. D., there being no notary public available, did on the _____ day of _____ 188____, at demand payment (or acceptance) of the bill of exchange hereunder written from E. F., to which demand he made answer _____ wherefore I now, in the presence of G. H. and I. K., do protest the said bill of exchange.

(Signed) A. B.

G. H., }
I. K., } Witnesses.

(Who give full addresses and occupations).

A precise copy of the bill, back and front, with *all* that is written thereon, should follow.

This form of protest must bear a shilling stamp, for which postage stamps are available.

It is not now necessary to note inland bills on dishonour, but if the amount is of any importance and there is any probability of legal proceedings being required it is perhaps expedient to do so.

Upon a bill being dishonoured it should on the day following the due date be returned to the customer and his account be debited, but if the banker do not wish to give up his lien on the bill it should be retained and notice of the dishonour sent in writing to *all* the parties to the bill whose addresses are known and against whom he wishes to have recourse. A useful form for notice is—

Bank, Stratford, 17 February, 1885.

To A. B. of X. Please take notice that C. D.'s draft upon E. F. of Y., dated 12 November, 1884, at 3 months' date, due 15 February, 1885, payable at Jones, Lloyd & Co., upon which you are liable as (drawer, endorser, or acceptor) has been returned to us dishonoured by non-acceptance (or non-payment) and we request immediate payment thereof by you with expenses, £
Total, £

(Signed) G. H. & Co.

If this notice is sent by post its miscarriage, if due to the Post-office, does not prejudice the holder's claim: If the addresses on the bill are insufficient or incorrect and the full or correct addresses cannot be ascertained, the notices should be sent to the addresses that are given on the bill. Neither the death nor bankruptcy of any of the parties should deter the holder from serving notice upon their representatives, and he should if possible send notice on the very day he hears of the dishonour, though if the person to whom he has to send it is in another place, he may be allowed to send on the business day following the day on which he became aware of the dishonour.

If instead of an endorsement any person guarantees due payment of the bill, "as though endorsed by me," notice should also be given to him. The holder of a dishonored bill is entitled to recover the

amount of the bill, interest from the due date or from date of presentation if a demand document, and also the expense of noting and of protest, if necessary.

If the dishonored document is one received from a casual customer the banker should not wait for him to call before giving notice but should advise him at once of the dishonor. If a bill has been protested for non-acceptance it should when refused payment be again protested.

When a bill is paid on presentation by the notary after dishonor, it is customary for him to insist upon his fee being also paid. There is, however, a legal decision to the effect that he cannot enforce this claim against the acceptor. After a bill has been dishonoured great care must be exercised in making any definite arrangement as to postponing payment with any of the principal parties, or the holder may lose his claim against the other persons liable on the bill, unless when making it he stipulates "without prejudice to my claim on the other persons liable thereon." It is well, therefore, to obtain the written sanction of any one on whom the holder relies to such an arrangement before completing it. Of course a banker will not exchange a dishonoured bill for one payable at a future date, unless he is prepared to give up all his rights against the parties to the old bill in exchange for those acquired upon the new one. A composition accepted from an acceptor voluntarily (*i.e.*, without compulsion of law) releases the endorsers unless their consent is first secured. It is usual not to return an unpaid bill until the day following its dishonor, therefore it is not safe to assume that a bill is paid until time has elapsed for it to have arrived if returned the day after it fell due, assuming there is no delay in the post office.

All dishonors which are not due to clerical errors, or which are not satisfactorily explained, should be noted in the opinion register against the acceptor.

Short Bills.—Bills not discounted, or which are not by the custom between the bank and the customer considered as actually sold to the banker, remain the customer's property subject to the banker's lien, but if the banker has wrongfully parted with them to a third party the customer cannot follow them. Such bills are sometimes called "Bills for collection," sometimes "Short Bills," because often they are not carried out into the cash column of the pass book but entered "short" of it.

Lost Bills and Notes.—The remarks upon lost cheques are applicable here, but if bankers are requested to stop payment of a draft issued by themselves it will be well for them to be quite satisfied that the applicant has good cause to warrant his application, and they should take a good indemnity for so doing as if there is no forgery a *bonâ fide* holder may compel them to pay him.

If a bill is lost or destroyed application for acceptance or payment

should be made on a written copy or on a written description, by a notary, or in protest form, and the drawee should be warned against accepting or paying on the demand of any other person than the one on whose behalf the protest is made.

Bills withdrawn from a banker should be applied for by the drawee's name, the due date and the amount.

PROMISSORY NOTES.

These generally are subject to the law of bills of exchange; they must be duly stamped, contain an absolute promise of payment, and should state the consideration, i.e., "for value received," &c., &c., though this is immaterial in the hands of a *bonâ fide* holder for value.

They may be given by one promiser or by several. In the latter case the promisers (or makers) may promise jointly, severally, or jointly and severally. They may be payable to bearer or order or to a designated individual only. They are subject to the Statute of Limitations, which makes them inoperative if for six years after date of maturity no acknowledgment has been made of the liability, either actually or inferentially as by payment of interest on the principal sum. If they contain a pledge of collateral security with an authority to dispose of it they are not invalidated thereby but great care should be taken not to make the note into an agreement.

A joint note is good only against all makers *together*; a joint and several note is good against all together or against each of the makers separately. A note in the form "I promise to pay," signed by several makers, is considered a joint and several note.

FOREIGN BILLS.

(Kindly revised by Messrs. Samuel Montagu & Co., of London.)

Here we only propose to deal with bills payable out of the United Kingdom which are usually sold through exchange brokers in London, and should be in their hands on Tuesdays or Thursdays, those being the days on which the official market is held. The proceeds of the bills are paid on the following day.

A vocabulary of foreign words used in bills of exchange will be found in the Bankers' Almanac.

Several points in which foreign customs differ from our practice may be noticed.

Crossed cheques and drafts are unknown abroad, and the crossing of them might actually prejudice their payment.* Bills upon

* In France a red cheque, called "mandat rouge" acts as a crossed cheque between customers of the Bank of France, being a transfer from one account to the other.

Germany, Austria, Italy, Switzerland, and Russia must bear the words "bill of exchange" upon them or they are not looked upon as bills and acceptance of them cannot be demanded. Bills on India, with shipping documents attached if to be sold in London (not sent out for collection), should be accompanied by a receipt for freight. The full set of bills of lading and insurance policy should accompany every documentary bill sent for sale, and they should be to the order of the shipper, and endorsed in blank, never made out to the order of the drawee of the bill. All foreign bills above £50 in value should be drawn in sets of at least two, in order that one may be sent forward immediately for acceptance, whilst the other, having a reference upon it to the person who will hold the accepted first, may be negotiated as seems most advantageous.

All bills upon Portugal, Spain, or India, whatever their value, should be always in sets of two at least. Sometimes a second of exchange is not obtainable, in which case a literal copy of the bill should be drawn out, with all the endorsements except that of the holder. This duplicate should be marked "Copy" on the face and at back below the last endorsement copied "So far copy" should be written, and then the customer should endorse both bill and copy, as also should his banker when sending them for sale. In sets of bills on Germany and Russia one of the set should not be endorsed at all, as to which see "Stamps" (*seq.*)

Date.—Cheques on France must have the date written fully in words; not in figures, thus, Eighteenth February, 1885, and then they pay a stamp duty of only 20 centimes (reduced to 10 cents. for those drawn and payable in the same place), instead of the *ad valorem* stamp. Cheques drawn in Belgium, if payable in the town where drawn must be presented for payment within three days from their date or the endorsers are discharged; if payable elsewhere six days are allowed. In France the currency of a cheque is five or eight days, according as it is payable where issued or elsewhere.

Bills drawn in Russia and some other Eastern parts are often dated according to the old style, which is twelve days behind the Gregorian calendar we use. To arrive therefore at the due date we must add twelve days to the apparent date of *issue* and calculate the maturity accordingly. Very conveniently the date is often given in both styles, thus—"16/28 Feb."

Currency.—Bills having over three months to run are not readily sold on the Exchange. Bills on Germany, France, Italy, Denmark, Sweden, and Norway carry no days of grace. [But see Messrs. Samuel Montagu & Co.'s note at end of this article.]

Amount.—It is desirable to insert in all foreign bills "value in account," "value in goods," etc., and bills on Spain and Portugal should have also "payable in gold or silver, and not in any paper." Bills on the United States should be drawn payable in gold.

Sometimes Spanish bills are drawn in pesetas and reals vellon and these of course must be paid in coin. If bills are drawn in sterling, the clause, "exchange as per endorsement in London," should be inserted in the body of the bill. By this means the loss in exchange and interest fall on the foreign drawee, and the holder here will obtain the full amount of his bill less brokerage only.

Acceptance.—The French, Spanish, Russian, and Swedish codes require the equivalent word for "accepted" as part of an acceptance. In Germany and France, acceptance is allowed for a portion of the bill, the balance being protested for. If a foreign bill is refused acceptance, it is protested and notification given to prior parties, who may be required to give security for the bill being paid at maturity, but the bill itself is not returned until dishonoured by non-payment. What we term *supra* protest is, in France, termed "par intervention." Acceptance is not obtained of bills having less than ten days to run when they arrive in London for sale.

Endorsements.—French cheques may be to bearer, but all foreign bills should be to order, except Italian, which may be as here, "To Mr. —." All endorsements should be special and bear the words "value in account" (or in goods, etc.), and the date and place of endorsement. The words "*retour sans protêt*" or "*sans frais*," indicate that the endorser does not wish expense to be incurred in case of any irregularity, but they should be repeated with every endorsement if still intended to be operative, and such bills are not so readily dealt with, as bankers will not trouble with them and in many countries, *e.g.*, Italy, Germany, the clause is not obligatory.

"Sans recours," written by an endorsement, disclaims liability in case of non-payment, but probably, as in England, it would be no protection in case of a prior forgery. In Germany an endorser may limit the time for which he will be liable on his endorsement by adding thereto words to that effect. Where there is no further room on a bill for fresh endorsements a slip, called an "allonge," is attached to it on which they can be written; the first endorsement on the allonge should be so connected with the real bill as to show that the two papers appertain the one to the other.

Stamps.—All bills negotiated here must conform to our stamp laws, and should also conform to the laws of the countries in which any of the parties thereto are domiciled. Bills on France, Belgium, Holland, Italy, Austria, Spain and Portugal, must be stamped on acceptance, so must bills drawn on but payable out of Germany. Bills payable in Germany and Russia require stamping as soon as they are put into circulation there, but not whilst they are only sent for acceptance, one therefore of the set should not be endorsed at all but crossed on the back, to prevent endorsement, and headed on the face, "Nur zum accept bestimmt" (only for acceptance.) Some countries are particular as to the place on the bill on which the stamp should be placed,

but on this point and as to the proper value of the stamp to be affixed, your broker will guide you. [See Messrs. Samuel Montague & Co.'s note at the end of this article.]

The Course of Exchange indicates the quotations current for foreign bills, the better quotation is that for fine banker's bills, the worse, that for fair mercantile bills. In most cases the rate is quoted in the amount of foreign money given for a sovereign, thus the Paris Exchange (short) may be quoted 25·32½, which means that the purchaser of a bill on Paris obtains 25 francs 32½ cents for every sovereign he pays here. It is clear that the more francs he can get in Paris for the pound he pays here the more favourable is the exchange to this country. Russian, Spanish, Portuguese, Indian, Chinese, and American exchanges are quoted in pence for their standard coin (rouble (paper), peso duro, milreis (in gold or silver), rupee, tael, dollar, respectively), and in these cases it is equally clear that the most favourable rate here is the one where the fewest pence here purchase the most of the currency in which the bill is payable. In some cases the rate of exchange given is for drafts on demand, but in most it is for drafts having three months to run. If then a bill has only two months to run, payable in Paris say, the rate of exchange might be arrived at either by adding two months' interest at the rate current in Paris to the short exchange, plus a consideration for risk and stamp, or by taking the three months' rate and deducting therefrom a month's interest. If the bill were on New York say, or any other country for which the exchange is quoted in pence, the reverse transaction would be required, instead of adding to the short rate we should deduct and instead of deducting from the long, or three months' rate, the interest should be added. If a rate is thus constructed for a bill at a currency not corresponding with the customary term, it is termed a "tel quel" rate. Sometimes instead of making such a rate the bill is sold at the customary course of exchange and interest for the difference in currency allowed or charged as the case may be.

The following tables by Mr. Seyd will assist us in readily understanding from the Course of Exchange whether the exchanges tend in our favour or against us :—

| | Gold comes to London. | Par of Exchange. | Gold leaves London. |
|---------------------|--------------------------|------------------|------------------------|
| Paris (short)... | fc. 25·32½ | ... 25·22½ | ... 25·12½ |
| Berlin | Mk. 20·53 | ... 20·43 | ... 20·33 |
| New York (short)... | \$ 4·890 | ... 4·867 | ... 4·827 |

Messrs. Samuel Montague & Co. obligingly add :—

Stamps.—It is only necessary in the case of Russian bills that there should be no endorsements on the copy destined for acceptance only. On a German bill there may be endorsements, and the crossing would commence from the last endorsement made abroad (*i.e.*, out of Germany).

The 10 cent duty on a French cheque drawn and payable in the same place *must be impressed*, while the additional duty of 10 cents for a cheque drawn in one place and payable in another (*e.g.*, in Marseilles on Paris) *may* be, and the whole 20 cents on a cheque drawn abroad, are necessarily, denoted by adhesive stamps.

Holland has a uniform duty of 5 cents for all bills payable *out of* the kingdom.

Bills passing through France, &c., by way of endorsement, are subjected to a special tariff (usually half the ordinary rates), but Germany passes such bills free of duty.

In most countries if one of a set is stamped the others are exempt. However in Austria (except for bills drawn there on abroad, when the first may be issued, unendorsed and crossed, without stamp for "acceptance only"), all the copies in circulation must bear full duty. Bills drawn and payable out of Austria pay a smaller tax. In Italy the accepted bill is stamped "*ad valorem*," and copies bear a uniform stamp of £1.20. Both these places subject bills of over six months' currency to higher duties.

Protests are usually levied on the day following the maturity. Many places allow two working days for taking out protest. In France a protest levied on the day of maturity itself would not be legal.

Bills falling due on Sunday are payable, in most Continental places, on the Monday, but France, and one or two others, adopt our custom in this matter.

Days of Grace.—In Russia there are ten days of grace on accepted bills. No allowance is made on unaccepted bills, and it is optional with the acceptors to take advantage of the grace. Firms of the highest standing do not avail themselves of it.

Many Foreign "Bill Acts" have the clause "there are no days of grace here," but for the following reasons this seems hardly exact: In Holland and Belgium protests are levied *two* days after the maturity. Indeed so far are these two days accounted "days of grace" in the former country, that it is the custom to charge two extra days on discounts (as though the bills fell due two days after the actual maturity).

Again in Germany, Italy, and elsewhere, the protests *may* be taken out within two working days of maturity.

While such option is given to the holders of bills it appears scarcely correct to say there are absolutely no days of grace in those countries.

LETTERS OF CREDIT (DELEGATES OR MANDATES, MARGINAL CREDITS), CIRCULAR NOTES, DRAFTS ON ABROAD, &c., &c.

A letter of credit (otherwise called a delegation or mandate) is a document authorising the addressee to hold a given sum at the

disposal of the payee, or authorising the addressee to draw upon the grantor for a certain amount. In the latter case it is usual to stipulate that the drafts are to be drawn at certain currencies and before a certain date, and the grantor undertakes to honor such drafts on proper presentation. Sometimes stipulations are added that securities or shipping documents are to accompany the drafts, and in all cases it is required that any drafts against the credits are to be endorsed on the original letter of credit.

If a credit of the first character is required it is desirable to furnish the grantor with two specimen signatures of the person who is to receive the money, which can be sent to the addressee to enable him the better to identify the payee on his application.

If credits of the second class are issued, these specimen signatures are equally desirable to enable the issuer to verify the drafts drawn under the credit when they come forward. They should also be furnished, where possible, when drafts payable abroad are required in favor of persons non-resident at the place of payment.

Marginal Letters of Credit are similar in form to ordinary letters of credit, but the authority to draw, and the undertaking to accept, with all conditions, is on the margin of the bill form upon which the draft is to be drawn. The issuer is bound to accept any draft drawn in proper form, according to the expressed conditions of the credit, irrespective of any private understandings between himself and the grantee, and even though the grantee may have failed after he has drawn the draft, but before it has been presented to the issuer of the credit.

Before any repayment is made of the unused portion of a credit the original letter must be restored to the issuer, or if a credit or draft has been issued in duplicate both parts must be so returned. If a correspondent, instead of issuing a letter of credit, writes to a banker establishing a credit, the banker should advise the person in whose favour it is opened of the amount and conditions of the credit.

Delegations, or mandates, from abroad, if on demand, require a penny revenue stamp; if not payable on demand and endorsed, they must bear the *ad valorem* stamp, and carry three days grace.

Circular Notes are practically credits issued by the issuers on their own special form and referring to a letter of indication addressed to their agents generally. This letter bears the signature of the person to whom it is issued, as well as that of the grantors, who request their correspondents to cash these credits to the grantee on his signature being given to the order endorsed thereupon. The number and amount of the notes are usually stated on the letter of indication. If these circular notes are required, the issuers should be furnished with two specimens of the signature of the person in whose favour they are to be issued, and the amount of the notes required should at once be paid to the issuers. Should it become

necessary to recover the value of any notes not used, they should be signed at back by the grantee before being sent up for repayment.

If circular notes or letters of credit are tendered for encashment, having first made sure of the authenticity of the letter of indication or of credit, the banker will then verify the signature of the presenter as that of the person authorised by the issuers to receive the money, and to the better protect himself, it is desirable to insist that all such signatures shall be actually signed in his own presence, and not tendered in a completed stage, as a forgery cannot then so readily be perpetrated without detection. If the payment is made under a letter of credit, the banker must see that in addition to the credit being genuine it is still available and not out of date, that the amount for which it is issued has not been tampered with, that the amounts of the payments already endorsed upon it show no signs of having been altered, and that their total, with that applied for in addition, do not exceed the amount for which the credit is issued. He must then see that the draft against which he is going to make the payment conforms exactly with the instructions on the credit, and especially that it refers to the number and date of the credit; and the name of its issuers if the draft is to be drawn upon a third firm for account of the issuers. The draft being in order the amount of it should be endorsed on the credit in words as well as figures before paying the money to the applicant. If the banker himself recoups for his trouble by deducting a commission and any demur is made, an explanation that it is the mode in which he makes a rate of exchange on the place where the draft is payable will usually be accepted as satisfactory.

The bearer of circular notes should be careful to keep his notes and his letter of indication apart, for if through his carelessness in this respect the documents are stolen and the notes cashed he will probably be debarred from recovering his loss from the issuers.

"Marginal Receipts."—These are receipts given for the balance of documentary bills which is not paid over to the seller of the bills until advice of payment has been received. If deposited with a third party as security notice should be given to the issuer of the pledge, and then he will have no lien upon them for any fresh liabilities contracted with him by the original owner after receipt of the notice.

CREDITS IN ACCOUNT.

When bankers receive anything for credit of an account, they are bound to appropriate it strictly in conformity with the instructions given at the time it is paid to them, whatever may be the position of affairs between them and the person to whose account the money is paid. Once having received an amount for the credit of a third party the bankers should on no account permit the transaction to be revoked, if they have in any way informed the person to whose

credit it has gone of its receipt or if they have once issued any form of receipt for it, because though the receipt may be returned to them it may in the interval have been exhibited to their customer, and on the strength thereof he may have altered his position with the payer. These receipts if they *only* mention the name of the person to whom the money is to be accounted for (*i.e.*, the banker's customer) require no revenue stamp. Should bankers receive anything but legal tender for the credit of a customer from a third party they should, in advising their client, describe the items of the credit, as "Local Notes," "Cheques not yet cleared," "Country Cheques not yet cleared," "Bankers' Drafts due on such a date," &c. ; and it is well to give full particulars of each article in the credit. Unless they have special instructions to do so, they should decline to receive undue trade bills altogether. If bankers have occasion to advise a correspondent of the receipt of any items for his credit the letter of advice should invariably be confirmed by the signature of an authorised official.

Payments for Account.—From time to time a banker is required to make payments for his customers against their special orders. Thus, he may be instructed to pay club subscriptions, insurance premiums, &c., &c., as they fall due. The standing order given to him by his customer should bear a penny stamp, and great care must be exercised in attending to the orders, for if once he agrees to pay, say, insurance premiums, should he thereafter forget to do so, he will be liable for any loss that may consequently occur to his customer. If a customer wishes the banker to arrange for his cheques to be paid elsewhere, it is desirable that in his request he should agree that the office at which his cheques are to be paid shall be in the same position as his own banker, as to non-liability for forged endorsements on his cheques.

All credits of this kind which are established should be noted in the customer's account as well as in the Register of Credits opened, so that if he stop a cheque every office where his cheques are payable may be advised thereof. The letter opening a credit should distinctly bind the banker who opens it to honour all payments made under it until it expires, either by lapse of time or by being withdrawn. Of course the letter will be signed by a duly authorised official, whose signature the receiving bank will verify, and the letter should contain specimens of the signatures of the individual or individuals (if a firm) as they will appear on the cheques. It is perhaps most convenient that these cheques should be drawn upon the bank opening the credit and marked "payable at bank."

Coupons.

These should not be credited until advice is received of the exact amount they have realised, because of the differences that are sure to

arise in the calculation of Income Tax. Although it should be easy to determine the exact deduction to be made for this tax, yet, since the Government year does not coincide with the commercial year, difficulties often arise. It may be observed that the paying banker simply follows the instructions of the issuer of the bond as to the rate at which he deducts the tax, any complaint should therefore be addressed to the issuer or his agent, not to the banker.

In order that the coupons may be cashed on the due date they should be sent up at least ten days before maturity. Neglect of this precaution causes delay and much consequent complaint.

Some coupons, at the holder's option, are payable either here or abroad and when the rate of exchange is favourable, they are often sold, by which course also income tax is saved, though the owner should then return his income at so much more. In such cases the banker should have precise instructions as to whether they are to be collected or sold, or he may be censured, in the one case for obtaining so little, or in the other for causing loss to his customer, because the purchaser of such coupons will reclaim the amount should the Company liable on the coupons stop payment in the interval between the sale here and the time when they could be presented at the paying office abroad, as happened in the case of an American railway a few years ago.

Coupons do not require any revenue stamp now, and should not be "crossed," because, if they are returned unpaid, the "crossing" will prevent the sale of the relative bonds on the Stock Exchange, where they will not be a "good delivery." Coupons should be sent up in numerical order, and with the coupons of each *class* of bonds, as well as of each Company or State, on a separate list. Drawn bonds sent for collection should be treated in the same way as coupons.

Deposit Receipts.—These receipts for deposits are not transferable documents. If they are issued to more than one person, particulars as to withdrawal, and as to the rights of survivors, should be endorsed on them at the time of issue. Specimens of the depositor's signatures should always be taken in the signature book. Great care should be exercised in paying them if the depositor does not attend in person, and no cheques should be paid against an amount for which a deposit receipt has been issued without its production. If the receipt declares the deposit to be at seven days' call, it should not be paid until the notice has expired. Although properly receipted by the depositor it might be presented by a wrongful holder, and not being a transferable document, the banker might be required to pay the amount again if he paid it before maturity. If the deposit receipt is lodged as security for payment of a bill, a memorandum should be taken to that effect, or a cheque given, "pay A. B.'s acceptance," to be held until the bill matures. If a banker has to collect a deposit receipt of another bank, the person in whose favour it is

issued should sign a receipt at the back in these terms: "Received within named sum of _____, with interest to this date," and a receipt stamp should be affixed.

STOCKS AND SHARES.

When customers have instructed a banker to buy or sell stocks, it is not unusual for dissatisfaction to be expressed because they have not obtained the highest quotation of the day. The explanation is that the broker, to whom the banker gives the order, applies to a "dealer" in the security to which the order relates, and, without indicating to him whether he is a buyer or seller, asks him to make a price. The dealer names two prices, at the lower of which he will buy, and at the higher of which he will sell, and the sale or purchase is then effected if the prices are within the limits of the order. By this method the customer is most equitably treated, though it is clear he cannot buy at the lowest or sell at the highest price, the dealer taking the "turn" between the two prices he quotes, as his remuneration for offering a ready market.

Transactions on the Stock Exchange are usually made for "the settlement," of which, for most stocks, there are two in each month, one near the middle the other at the end. For Government (English) stock there is however only one settling day, at the beginning of each month, but the market for these stocks is so active that they can readily be bought "for cash," "for account" (or settling-day), or for any intermediate term that may be desired.

A banker should take care that a careful record is kept of all transactions on behalf of his clients, so that he may be able to inform his agents at dividend time of the exact amount of stock in each account upon which they are to claim the dividends.

The following form contains the particulars which should be obtained from a customer and communicated to the broker, the variable details being those in italics :—

Manchester, 18 February, 1885.

To Bank.
 Instruct your Brokers to $\left\{ \begin{array}{l} \textit{buy} \\ \textit{sell} \end{array} \right\}$ $\left\{ \begin{array}{l} \textit{for cash} \\ \textit{for account} \end{array} \right\}$
 $\left\{ \begin{array}{l} \textit{Two thousand pounds Consols} \\ \textit{One hundred shares in the City Bank,} \end{array} \right\}$ at $\left\{ \begin{array}{l} \textit{not over} \\ \textit{not under} \end{array} \right\}$ £ $\left\{ \begin{array}{l} \textit{per cent.} \\ \textit{per share} \end{array} \right\}$
to be registered in the names of (giving full Christian names
 and precise addresses and occupations) and $\left\{ \begin{array}{l} \textit{charge} \\ \textit{credit} \end{array} \right\}$ same to the account
 of
 This order to remain in force until $\left\{ \begin{array}{l} \textit{cancelled in writing,} \\ \textit{28th February, 1885.} \end{array} \right\}$

(Signed) A. B.

If a purchase, this order should be signed by the person whose account is to be debited with the cost, in *exactly* the same way that

the banker would require a cheque to be signed. If a sale, it should be signed by all the parties in whose name the securities are registered, or, if they are unregistered or transferable by mere delivery, by all those who are represented as the owners.

Sometimes an order is given to "invest" a given sum of money in a purchase, not to "purchase" a given amount of stock. The effect may of course be very different, and in all cases orders should be carried out to the letter, particularly if given through a solicitor, only seeing that he furnishes the proper authority of the owners of the money or securities, as the case may be.

When the order has been executed the broker will send a contract note setting forth the conditions upon which the transaction has been concluded.

If the transaction is a purchase of government, corporation, or colonial inscribed stocks, etc., the bank will not register more than four holders in one account, and they are registered as owners in their own right, the bank declining to take cognisance of any trusts whatever.

The broker must be provided with the amount of the purchase money on the precise date upon which the transaction is to be completed, and this should be in cash, or what becomes cash in London on that date. He will in return send, in addition to his acknowledgment, a "Stock Receipt," setting forth the amount of money received by the vendor, the name of the person from whom received, and the amount of the stock transferred. This stock receipt however is intrinsically of no value, and though it is upon an official form it in no way binds the Bank of England, so that if the purchaser requires any further assurance of the completion of the transaction it must be obtained by an inspection of the account in the bank books, and any holder is entitled during business hours to inspect the accounts in which his name appears on the bank books, and may accept the stock either personally or through his attorney, authority for this purpose being on request included in a power either to receive dividends or to sell stock.

In joint holdings, where the bank is aware of the death of one of the registered owners it declines to allow additions to be made to the holding.

If the stock is to be registered in the name of a corporate company, the bank requires a specimen impression of its common seal and a declaration stating under what Act the company is incorporated and verifying the specimen seal.

The bank provides its own forms for all the various documents it requires in dealing with the stocks it has charge of, and all enquiries should be made through agents or brokers, if the enquirer cannot attend personally at the bank.

If the transaction is a sale of any security for which the transfer books are kept at the Bank of England, unless it is convenient for

the seller to attend at the bank personally a power of attorney for sale will be required. When, therefore, a banker receives an order for sale of such stock, he should ascertain whether one has already been executed and, if so, in whose favour. If it has, the order must pass through the hands of the persons named in the power or a new one must be obtained, in which case the owners have to decide whether it shall be a standing order for sale affecting the whole of their holding or only be good for the precise amount of stock to be sold at the moment. A general power for sale is effective for ten years from its issue, over the whole of the holding however it may vary, unless the owner of the stock operates upon the account personally or issues a new one, in either of which cases the old power becomes useless.

When a power of attorney is required for any purpose, the broker or agents must be furnished with full and precise particulars of the names, addresses and occupations of the owners of the stock as registered in the bank's books.

If only part of the stock be sold, it is unnecessary to mention the whole amount of stock held when procuring a power of attorney.

If the transactions take place about dividend time, a little attention should be given, if stock is sold "ex div.," to see that the dividend is obtained from the bank when due, as sometimes, the stock having been sold, the dividend is not claimed. A power for receipt of dividend can be included in one for sale if required.

If a holder is dead, before the account can be operated upon the bank requires exhibition of the probate or letters of administration, and the addresses of the executors or administrators, and, if the description of the stockholder in the probate or letters of administration differs from that in the bank books, a declaration of the identity of the persons.

In joint holdings the death of any one of the holders is proved by exhibition of probate or letters of administration, or the deposit of a certified copy of the *burial* register and a declaration of comparison and identity, after which the survivors can deal with the stock without any intervention of the representatives of the deceased. Certificates of death are not accepted.

If all the holders are dead, the bank requires similar particulars respecting all the holders except the one who died last, and for him the same particulars as though he were a sole holder. Probates and Letters of Administration must not be sent to the bank by post.

The bank will recognise a power for sale, although since its issue some of the holders are dead, if their deaths have been duly proved at the bank.

In the execution of powers of attorney the instructions as to execution printed thereon must be scrupulously attended to.

If any holder has changed her name through marriage, the bank requires the fact to be notified to it.

If any registered stock or shares are bequeathed specifically to any individual, whether they be registered at the bank or in the books of any company, the representatives of the deceased registered holder must nevertheless transfer the stock to the legatee in the usual manner. The bank provides special powers of attorney for transfer exclusively.

Dividends on stocks are now paid by the Bank of England, either to the holder on application at the bank or at any of its branches, if arrangements are made for that purpose, or they are sent by post to the registered address of the owner if he is resident in the United Kingdom, or if the holding is a joint one, to any one of the owners authorised by the *whole* of the holders to receive the dividends, but they are not paid to any person not on the register, except under the authority of a power of attorney.

Past due dividends will be remitted by a post warrant, if they are specified in the form applying for dividends by post.

Dividends which have been unclaimed for ten years are handed over to the National Debt Commissioners, but are repaid, without interest, on the claimants making good their title. If one of several joint holders is dead, the Bank require a new power for dividends to be taken out.

If a power for dividends is required for a joint account where one of the holders is a lunatic, the bank requires statutory declarations, if he is in an asylum from his regular medical attendant and from the keeper of the asylum, and, if he is at home, from his regular doctor and from a second medical man. In all cases a declaration of identity will be required.

The bank deducts Income Tax from all dividends of £5 per annum or upwards, unless instructed to the contrary by the Inland Revenue Department. Claims for exemption from tax, or for return of tax already paid, must be made through the surveyor of taxes, where the stockholder resides, and no certificate of deduction is furnished by the bank or required by the Inland Revenue Department.

For stocks and shares other than those attended to by the Bank of England, the Stock Exchange regulations are in some respects different. Those stocks which are transferable by mere delivery must be delivered by 2.30 p.m. on the settling day, or they can be "bought in" on the following day, in which case all loss and expense will be charged to the person who has failed to complete the bargain. Registered shares, which require a transfer executed by the vendor, may be delivered within ten days from the account day. The purchasing broker will not pay the money until the transfer is tendered to him in proper order, but the vendor's broker is entitled to demand payment on the settling day, or as soon after as he can produce the transfer properly executed.

Sometimes instead of settling stock transactions direct with the broker a banker instructs his agents to pay the broker on delivery of

the specified securities, if in apparent order. In this case the order should indicate whether the money may be paid *pro rata* for the securities when tendered piecemeal, and whether share certificates are to accompany the transfer, or whether a "certified" transfer may be taken. A certified transfer is one which, in place of having share certificates accompanying it, has a certificate upon it, from the registrar of the company whose shares it refers to, certifying that share certificates to meet the transfer are already lodged with the company. A similar certificate is often given by a stock exchange secretary, and a transfer with such a certificate by the Secretary of the London Stock Exchange is held to be a good delivery in the London market. Such certificates by an individual broker would not be accepted, and I am informed that the certificates of some provincial stock exchange secretaries would not readily be accepted out of their own local markets.

In some cases it will be desirable to ascertain, before parting with the purchase-money, whether the company's regulations require the name of a new shareholder to be submitted for approval, whether all calls have been paid, and whether the company have a lien on their shares which they have reason to enforce, but these are not points with which a banker need concern himself, except where he accepts orders *qua* broker. Then, in addition, he should see that his client obtains any dividend to which he may be entitled.

When a transfer is sent in it should be as promptly as possible executed by the purchaser and sent, with share certificate attached, for registration either through the broker or direct to the company to whose shares it relates, in which case the transfer fee should be enclosed.

In the case of sales, similarly, securities are sometimes sent direct to an agent to be surrendered against payment. The broker is entitled to examine them to see if they are in order before paying for them, but the banker should not deliver them to him except in exchange for cash, unless specially authorised to do so. The consideration money mentioned in the transfer may not agree with the amount for which the banker's customer has sold the stock. This is explained by the fact that it may have been sold over and over again before it was actually transferred, and the price given by the last purchaser, not that taken by the first vendor, is inserted in the deed.

"Burdett's Official Intelligence" is essential in any office where much stock and share dealing is transacted, or where many marketable securities are held.

DISCUSSION ON MR. MOXON'S PAPER.

Mr. BILLINGHURST: This paper will, I trust, be carefully read and appreciated by the members of our Institute, dealing as it does in so lucid a manner with their every-day business, and with the transactions with which they are more or less familiar. It is, however, to be regretted that so many subjects are crowded into one paper, and that some in consequence are not treated a little more in detail. The particulars given us of banking practice in England suggest some points where such practice is not altogether settled, and where it might be altered or improved—points upon which this Institute might fairly take steps to procure uniformity of practice amongst bankers as near as may be. I will refer to these points in the order in which they appear in the paper.

Page 127, paragraph 2.—*Bank Notes forwarded by Post.*—The writer suggests that bank notes when despatched by post should be cut in two, and the halves sent by different mails. I think all who are connected with banking know that this custom, which is rapidly falling into disuse, is a most inconvenient one, and is not attended with any practical good, inasmuch as, in case of loss, whole notes are quite as readily recoverable, under guarantee, as half notes. I regret, therefore, that the practice is put forward as one that ought to be carried out. I would, on the other hand, say that it is our duty to induce all bankers not to cut their notes.

Page 128, paragraph 3. *Stale Cheques.*—The writer suggests twelve months as a reasonable period to elapse for a cheque to be considered out of date. There is at present no established custom on this point, and the Institute might very reasonably take the matter into consideration with the view to induce bankers to agree generally as to the period after date at which a cheque should be considered stale. A case came before me a few days since where half a dozen cheques were returned as out of date, which were not six months old, and consequently the answer seemed scarcely to be warranted.

Page 180, paragraph 1. *Endorsement for a Company by one of its Officers.*—It is stated in this paragraph that an officer of a company signing per procuration need not add to his signature his official title. Such is doubtless the custom in many cases, but it would appear desirable to alter the custom, and to obtain uniformity of practice in the matter of such signatures, more especially in those of banking companies, viz., by requiring the signing officer to give his designation where practicable.

Page 130, paragraph 9.—*Endorsement of Cheques by Bankers placed to the Credit of Payee.*—This is an objectionable practice, as it is very desirable that a cheque drawn to order should have the discharge of the payee, and although out of courtesy to the presenting bank drawees of cheques endorsed as here described frequently pay them, it would be well to establish the custom of declining to pay cheques to order without the endorsement of the payee.

Page 130, last paragraph.—*Crossing Cheques to the Account of a particular Customer.*—This practice, which I admit is increasing rapidly, appears to be very questionable, as it possibly entails considerable liability on the receiving banker should he take in a cheque so crossed and fail to place it to the credit of the person named in the crossing. I think, as bankers, we ought decidedly to set our faces against such an addition to a cheque which is not provided for in the Bills of Exchange Act, and which to a certain extent limits the negotiability of the cheque by apparently restricting it to the use of a certain individual. This is a matter which I may say, in passing, is having the attention of our Council, and that we are at present taking a legal opinion as to the liability of a banker receiving cheques so crossed.

Page 135, paragraph 1.—*Presentation of Cheques in excess of Funds in hand.*—This is a point which especially needs the attention of bankers in order to procure uniformity of practice in the place of the present diversity. The action of the Bank of England, in a recent case, referred to by Mr. Moxon, was the cause of considerable inconvenience to the holders of the cheques returned.

Page 137.—*Cash Orders.*—By the issue of these cash orders wholesale traders want to make the bankers all over the country their debt collectors, and when they have written to their customers several times and have failed to obtain a remittance they pass these orders through their bankers in the hope that they may be more effectual than correspondence. Some banks have positively and rightly declined to have anything to do with their collection, and it might be very desirable to procure uniformity in this matter, and to obtain an agreement amongst the provincial banks to decline the collection of such orders unless at such a charge as will compensate them fully for the time of their clerks spent in their presentation.

Page 137.—*Postal Orders and Postal Notes.*—Mr. Moxon truly remarks that the post office authorities sometimes return post office orders to bankers six weeks or so after they have been paid. There does not appear to be sufficient reason why the post office department, if they enter into banking business, should depart from the ordinary custom or law of bankers. It is true they make a very convenient arrangement with bankers that postal orders and notes should be taken in at the chief office in London, wherever payable, and be immediately cashed without examination, and in such case it is only fair that a reasonable time should be given for the return of such of the orders as are found on examination to be incorrect, but such reasonable time should not extend beyond a day or two. The post office department should be able to manage their business as readily as bankers do, and it is very well known that in our clearing we are obliged to return the same day they are presented to us, any drafts which are not in order, so in like manner the post office should at once return unpaid orders with only the delay necessary to consult the

advisers of such as are not payable in London. Bankers have never seriously taken the matter up, inasmuch as the individual items are so small and the risk of being unable to obtain repayment from their customers of returned orders is so infinitesimal that it has scarcely seemed worth while to bring any pressure on the postal department in reference to this question. It is however a point which we might readily take up and use our endeavours to get the postal operations carried out more in accordance with banking practice.

Page 145, paragraph 2.—*Acceptances of Failed Firms.*—It would be most desirable if we could establish the custom of requiring the withdrawal of the acceptances of failed firms so soon as their suspension is announced, and the subject is one well worthy of consideration.

Having thus dealt briefly with some of the banking customs suggested by this paper which appear open to improvement, or which might be made more uniform, I will by your leave make a few remarks on some other points in the paper, which appear to me, on perusal, at least open to comment or difference of opinion, taking them also in the order in which they occur.

Page 128, paragraph 5.—*Alteration of Cheques from Bearer to Order.* Mr. Moxon states that the payee, as well as the drawer, may alter a cheque from bearer to order, but only the drawer can alter a cheque from order to bearer. I take it that the drawer is the only person who can essentially alter a cheque whether from bearer to order or order to bearer, and I doubt whether the payee can have that authority in either case.

Page 129, paragraph 5.—*As to Titles of Courtesy.*—In the paper it is stated that an endorsement "Mr. A. Brown" would be refused, and such, doubtless, is the custom, but it has long been legally established that such an endorsement is not incorrect, and if not legally incorrect it might be well to take into consideration under what circumstances these endorsements might be passed.

Page 131, paragraph 1.—It is stated that the banker who collects a cheque (with a forged endorsement) may be required to repay the money, unless the cheque were already crossed when it came into his hands. Anticipating the difficulty here suggested of the liability of the banker on cheques that might come into his hands uncrossed, your Council were careful to introduce into the Bills of Exchange Act, clause 77, sec. 6, which enables a banker to specially cross to himself any cheques that may come into his hands uncrossed, and consequently to obtain the benefit which he would have had had the cheques been crossed before they reached his hands.

Page 132, paragraph 7.—*"Not negotiable" Cheques.*—On my first perusal of this paragraph I thought it conveyed an incorrect description of these cheques, but on re-reading it I confess that Mr. Moxon has put the matter in a new light, and has very fairly described the meaning of "not negotiable" as applied to crossed cheques. The words "not negotiable," however, do not improve upon acquaintance,

and it is a great pity that we cannot hit upon some other wording to convey the meaning that is intended. Cheques so stamped are really perfectly negotiable, and the words "not negotiable" are only a stumbling block to those who are unacquainted with the meaning placed upon them by Act of Parliament. On reconsidering this matter, I have come to the conclusion that we might, when any amendment is proposed to the Bills of Exchange Act, suggest that the principle embodied in the words "not negotiable" be extended to all crossed cheques without the necessity of these words being stated thereon, viz., that no person taking a crossed cheque should obtain a better title to it than the person had from whom he took it.

Page 134, paragraph 5.—*Effects not cleared*.—It is stated that a cheque can be returned with the answer "effects not cleared," though previously the customer has been permitted to draw against such payments to credit. This statement must, I think, be taken with reservation, as cases have occurred where bankers have failed to substantiate their right to return cheques under similar circumstances.

Page 135, paragraph 2.—I trust the suggestion here made of answering cheques with merely initials, such as R/D, will not be extensively acted upon. The initials N/S for "not sufficient" are pretty generally understood, but other initials are not so, and it would be very desirable always to write answers on such cheques, such as "Refer to the drawer," in full. With respect to the latter part of the paragraph, the introduction into the Bills of Exchange Act of a clause, at the suggestion of the Scotch members of the Select Committee of the House of Commons, perpetuating the Scotch law that the presentation of a bill of exchange serves as a notice of lien on any available funds in the hands of the drawee, has had an effect, probably not intended at the time, of giving the same right of lien in Scotland to the presenter of a cheque on a banker, for which there may not be at the time sufficient funds. Luckily the clause does not apply to England and Ireland.

Page 138, paragraph 2.—*Inland Bills*.—It would have been as well to have noted in this paragraph that although bills drawn and payable in the Isle of Man and the Channel Islands are inland bills, they are not so as regards stamps, for as these islands have their own fiscal laws, and transactions therein are not amenable to the English stamp duties, the bills drawn in these islands and payable in the United Kingdom are, for stamp purposes, considered as foreign bills.

Page 145, paragraph 8.—*Endorsements without recourse*.—The statement in this paragraph as to the liability of an endorser "without recourse" is, I think, a little open to question. The liability here specified is in accordance with the American law, but it is doubtful whether it is a correct statement of the law in this country.

Page 147, last paragraph.—It is doubtful whether a bank would be justified in refusing to pay the acceptance of a customer at maturity

domiciled with them, provided there were sufficient funds to meet it, for want of advice, unless there was a distinct understanding with the customer that no acceptances should be paid without advice.

I hope you will excuse me for taking up your time with these few remarks, but as this paper has been specially prepared for us by the kindness of Mr. Moxon in order to put before our younger members some of the matters which arise in their every-day work, I thought it would not be uninteresting to give a little running comment which might, of course, have been considerably extended, on a very excellent paper.

The CHAIRMAN : Gentlemen, what we now call banking used to be known as the art and mystery of goldsmiths. That art and mystery we have been, month by month, for the last five years expounding in various points of detail ; and Mr. Moxon has now laid before us a *résumé* of that art and mystery, and has shown us how it is done in a form which I am sure will be acceptable to the Institute, both to those who are present and to that much more numerous body not here to-night. He has cast into this compact shape the whole epitome of our daily work, and has done so in a manner which makes it quite a text-book of banking practice, whether as established by legal cases or otherwise. Mr. Billingham is so much more competent to have occupied the chair on this occasion than I am, that he leaves me very little to say. You are probably aware of what Mr. Billingham has done in this direction as regards the settling of the Bills of Exchange Act. Besides this, for the last five years, ever since our foundation, he has assisted us on our Council very materially in the solution of those little problems which we call "points of practical interest," which are laid before the Council monthly, and which exercise their brains for an hour or so and very often perplex them considerably. The results of all these points of practical interest, almost all of which are touched on, or are within the scope of this paper, are now being codified by our Secretary and analysed in such a shape as will make them available for instant reference. They will throw, I hope, very much light on many of the points raised in this paper. Mr. Billingham's remarks show you that in matters of banking we are very far from being uniform in practice ; and I think it will be agreed by all that the object of the Institute is not merely to read these monthly papers and to disseminate the *Journal* among those who are unable to attend, but to develop a knowledge of the art of banking, by the investigation of all these points, and by bringing together uniformity of practice : by these means the object of the Institute will be most materially furthered. Mr. Billingham has already said that the attainment of that uniformity of practice is now before your Council, and though it is a subject too great to be settled at one or two, or even more, councils, we hope that the whole of the banking body—not only those who are associated with the Institute of Bankers (by far the majority of the banking interest) but also those bankers who are not

directly affiliated to the Institute—will, by this means, ultimately come to some common accord on points of every day practice, where there is now diversity. How far that diversity exists we may infer from the fact that I do not myself entirely even agree with Mr. Billinghamurst, who does not agree with Mr. Moxon. For instance, with regard to those cheques crossed to a special account, of which Mr. Billinghamurst has dread, if the customer pays into his account a cheque so crossed, he calls attention to it to a certain extent, that it is paid to his account; but if he were to pay in a cheque not so specially crossed, and the banker were to fail to put it to his account, and the customer were in consequence to suffer any damage, he would be pretty sure to make it disagreeable for the banker, whether he put that crossing on it or not, so that I do not think there is much extra risk from that cause. But whatever might be the consensus of opinion, let that prevail. I will not go through many points that occur in the paper, many of which have been touched only by Mr. Billinghamurst, but I might call attention to just one, on page 136. Mr. Moxon says:—“A cheque may be accepted, but it is not desirable for a bank to encourage this practice, known in America as the ‘certification of cheques.’” I take it that is what we should call in London “marked.” That point was discussed two or three months ago, and I think we may take it that in London cheques must not be “marked” during business hours. There is again the point of the figures on a cheque differing from the words in the body. That was the subject of a question which came before the law courts, and though Mr. Moxon says, on page 139, that the words in the body of the bill fix the amount, and if they differ, the correct amount should be marked in red over the figures, I think a very common course for bankers is to pay the smaller amount. That is another point on which there is want of uniformity. There are many other such points, and I should weary you by calling your attention to them. But I may say that though the paper is very full, and it is invidious to call attention to any points of omission, yet there are indications clearly of its coming from a country banker, because attention is hardly called in it to that very important part of Lombard Street banking—the clearing. There are enough little points in connection with our daily clearing in Lombard Street to fill a paper almost equal in size to this; and I venture to suggest that perhaps some slight alteration might be made in this direction before the paper goes into the *Journal*. It is to be desired that this paper should reach the hands, not only of bankers but their customers, because there are a great many points on which we bankers would find our work facilitated if our customers would attend to some of the rules laid down in the paper—for instance, the rule that coupons should reach the bank ten days before they are due. We know what constant worry it is to have coupons sent in long after our lists are made up, and then what terrible complaint there is if they are not placed to the credit of

customers on the very first day they are due. Then as to stocks, we bankers of course keep a record of our customers' stocks, but the customers themselves should also keep their bankers advised of all changes in their stock, because they often buy or sell stocks through a broker, without advising the bankers, and when the time comes to receive the dividend the amount differs. It only remains for me to thank Mr. Moxon in your name, and I am sure you will join with me in proposing a cordial vote of thanks to him for his very interesting paper, on which he has bestowed a great deal of industry and attention. I ask you to pass that vote, and perhaps Mr. Moxon will now favour us with any remarks he may have to make in reply to Mr. Billinghurst.

Mr. MOXON in reply, after expressing his thanks to the various speakers for the criticisms on the paper, and which have caused it to be since modified in several places, said: Mr. Chalmers, in his "Bills of Exchange," says:

"Art. 237. When payment is made by mistake to a person not entitled to receive payment, and who cannot give a discharge, the money so paid may be recovered back by the payor as follows: (Sub-sec. 4) when the person who received it acted *bonâ fide* in demanding payment, providing the payor was not guilty of negligence in making the payment and (probably) that the position of the party receiving payment has not been altered before the discovery of the mistake and notification thereof."

Undoubtedly there would be negligence in paying a forged acceptance, since a banker ought to know his customer's signature, but he cannot know the endorsers' signatures, and, as Mr. Chalmers says:

"It seems on principle that a person presenting a bill for payment ought to warrant its genuineness and his right to receive payment, just as a transferor by delivery warrants genuineness and his right to transfer. There are dicta to this effect but the point must be regarded as very questionable."

In Art. 263 he says:

"The drawer of a cheque paid through a forged endorsement can recover the money from the person who presented the cheque for payment, and gives a case in point. I myself know another case, certainly not tried in a superior court, where the collector had to refund the money six months after the payment of the cheque."

Byles on Bills, Eleventh Edition, 1874, p. 220, in a foot-note, says:

"It has been contended that each endorsement is a warranty of the validity of the prior endorsements, and that an endorser, who has been paid by the acceptor, is liable, if the endorsements to him turn out invalid, to be sued by the acceptor on an implied undertaking that he as holder was entitled to receive the amount of the bill."

He quotes cases and continues:

"L'endosseur est garant solidaire avec les autres signataires de la vérité de la lettre ainsi que du paiement à l'échéance."—*Pardessus*, 376.

"Tous ceux qui ont signé, accepté, ou endossé une lettre de change, sont tenus à la garantie solidaire envers le porteur."—*Code de Commerce*, 140.

THE FACTORS' ACTS.

THE Council have lately had under consideration the expediency of reducing to order and system the Factors' Acts, and they have decided to take measures to carry out this task in concert with the London Chamber of Commerce. They have accordingly requested Mr. John Macdonell, barrister-at-law, to prepare a Bill which it is intended to lay before Parliament this session.

Many of the readers of the *Journal* will probably admit that they have misty notions as to the exact purport and effect of the existing legislation on this subject; and that they have sometimes experienced doubts as to what extent they were protected by it in making advances on documents of title. Nor is the existing law always clear to professional lawyers or even to judges, not the least eminent of whom admitted that he had never until recently understood the Factors' Acts. This is no inexcusable confession. They are complex and confused; they proceed upon no definite principle, and they have been passed from time to time to cure some defect which happened to be detected. The fact is, that there has been going on a long struggle between the commercial community and courts of law with respect to documents of title. According to usage and understanding in trade, a banker or other person who lends upon documents of title to goods feels that he is perfectly safe. Courts of law, on the other hand, have been disposed to stick to the principle that such documents convey no better title than that possessed by the transferor of them. This view has produced a series of decisions which have occasionally perplexed or shocked men of business, and which, if unaltered, would have seriously interfered with commerce. To remedy these defects, application has from time to time been made to Parliament. Unfortunately, the matter has always been dealt with in a fragmentary or piecemeal fashion. The first Factors' Act, which was passed in 1823, touches only one or two minute points. The next, which was passed in 1825, did away with the effect of several important decisions, but, to the great increase of perplexity, the Act of 1823 was left intact. In 1842 another Act was passed, to remove defects which had been brought to light. Between 1842 and 1877 fresh blemishes were disclosed. One of these was revealed in the case of *Johnson v. Credit Lyonnais Company*, which decided that the defendant company had no claim on dock warrants pledged under these circumstances: the original owner of the goods had sold them to a purchaser who had left them in bond in the original owner's name, and who had allowed the

dock warrants to remain in the original owner's hands. This and some other decisions led to the passing of the Act of 1877, which, no doubt, carried out very substantial improvements. But it left matters in a somewhat unsatisfactory condition.

To begin with, why should it be necessary to ascertain the law on the subject from four different Acts of Parliament and a considerable number of decisions upon them? These Acts are loosely and ambiguously drawn. Some sections of one statute repeat, in different language, the substance of sections of others; but no one, not even the best lawyer, can always be quite sure how far one section is merely the repetition of another. In the second place, there is a lamentable absence in the statutes of clear definitions. Members of the Institute have often, no doubt, had to ask themselves what is a "document of title." More than one definition is found in the statutes. There is one in the Act of 1825 (s. 2); there is another slightly different in the Act of 1842 (s. 4); there is a third, in some respects barely intelligible, in the Larceny Act of 1861. Judges have, with their usual caution, refrained from committing themselves to an exhaustive catalogue or complete definition of these documents; and if one consults ordinary legal works one finds that their authors have far from clear ideas on the subject. The author of one well-known work, drawing a distinction between bills of lading and dock warrants on the one hand, and delivery orders on the other, says:—"Too much stress cannot be laid on the distinction now pointed out, for there is nothing more common in business than to confound the two classes of instruments, and to find out, when it is too late, that the law and the commercial world view the same matter in many different lights." Unfortunately Acts of Parliament do not clearly recognise this distinction, if it now exists. The late Master of the Rolls gave, with reference to this question, a very sensible decision, the effect of which was to recognise the negotiable character which iron warrants have in business. The author who has been already quoted, giving expression to an opinion very common among lawyers, says: "This decision cannot, it is submitted, be extended beyond documents of title, properly so called; it deals with a subject the legal bearings of which are in a very unsatisfactory state." Surely it is not unreasonable to believe that it would be possible to dispel all mystery and formulate a short definition, intelligible to men of business, and including all documents which, by the usage of trade, are understood to pass the property in the goods they represent. Men of business know perfectly well what they want; they may fairly expect that lawyers will be able to give effect to their wishes, and to use apt words which will separate documents of title from mere contract notes or receipts, or from instruments requiring registration as bills of sale.

Another matter as to which there should be no room for doubt is as to the bearing of the order and disposition clause in bankruptcy, on which point there exists uncertainty, which ought to be removed.

The task which the Council of the Institute have in view may be roughly described as codifying the Factors' Acts. But it implies doing somewhat more than this. It is singular, by the way, that the subject should be dealt with in what are termed the "Factors' Acts," the term "factor" having almost dropped out of general use. There are two or three clauses in the Act of 1877 which deal with transfers of documents of title by persons who are not factors, but no clear general rule is laid down. The proposed Bill will, in the first instance, be drafted so as to show succinctly what the existing law is; and all suggestions as to changes which are expedient will then be taken into consideration.

MISCELLANEA.

BANKRUPTCY ACT, 1883.—The Council of the Institute of Chartered Accountants have addressed a series of observations to the President of the Board of Trade, on the working of the Bankruptcy Act of 1883. The substance of these observations will be found in the following suggestions, the adoption of which is recommended, to improve the working of the Act :—

(a.) That proper provision for the control and legalisation of private arrangements should be made.

(b.) That Official Receivers should not be appointed Trustees under schemes of arrangement and compositions.

(c.) That forms of Special Proxy should be issued with the notices of the meeting.

(d.) That it should only be necessary to lodge the proxy before the meeting as provided by the Act, and not the day before the meeting, as provided by the rules, also that proofs should be lodged before the meeting, and not one clear day before.

(e.) That proxies may be filled up by any person.

(f.) That the form of proxy should be such, that it would only be necessary to fill in the nature of the resolutions to be voted for, and not their exact terms, for instance—it should be possible for power to be given to the holder of the proxy to vote for or against an adjudication in bankruptcy, or for or against any composition or scheme of arrangement that may be offered, or for or against an adjournment. Also, that he should be authorised to vote for himself or any other person as Trustee, or for any person as member of the Committee of Inspection, without, in either case, the name of such person being specified.

(g.) That the title of the Official Receiver should not be inserted in forms of General Proxy.

(h.) That the Official Receivers should, as provided by the Act, confine themselves to protecting the property of the debtor until the first meeting, and should not sell any property with the exception of perishable articles.

(i.) That no instructions to Official Receivers should be issued by the Inspector General, unless the same have been submitted to the Board of Trade ; and that such instructions should be publicly issued.

(j.) That the person appointed to prepare the Debtor's Statement of Affairs should be remunerated according to the scale laid down in the rules.

(k.) That the remuneration of the Special Manager should be left to the Creditors as provided by the Act.

(l.) That a scale should be fixed providing for the remuneration of the Special Manager when it is not fixed by the Creditors.

(m.) That in appointing a Special Manager, Official Receivers should select a person nominated by creditors.

(n.) That the Official Receiver should not attempt to interfere with the discretion of the Creditors as regards the remuneration of the Trustee.

(o.) That the Inspector General should not disallow such payments made by the Trustee, with the sanction of the Committee of Inspection, as would fall within the exercise of the Trustee's discretion.

(p.) That the public examination of the debtor should take place not earlier than a fortnight after the first meeting.

(q.) That a shilling stamp should not be required on proof of debt, or 6d. stamp on proxies or voting papers.

(r.) That the fees should be reduced.

(s.) That Trustees should be allowed to pay money into the "Bankruptcy Estates Account" at the Bank of England, Head Office, and that facilities should be given for payments to branches.

(t.) That the Board of Trade Finance Department should keep a Pass Book for each estate.

(u.) That further facilities should be given for opening accounts at local banks.

(v.) That cheques on the Bankruptcy Estates Account, issued by the Board of Trade, should be available for six months.

(w.) That tax collectors should be instructed as to the claims they are entitled to make against bankrupts' estates.

(x.) That facilities should be given to Trustees to disclaim onerous property during the long vacation. This is suggested in consequence of difficulties having arisen on this point.

NEW SOUTH WALES.—The following is an outline of the contract between the Government of New South Wales and the following banks:—The Commercial Banking Company of Sydney; The Bank of Australasia; The Union Bank of Australia, Limited; The Australian Joint Stock Bank; The London Chartered Bank of Australia; The English, Scottish and Australian Chartered Bank; The City Bank, Sydney; The Mercantile Bank of Sydney, and The Bank of New Zealand, relative to the keeping of the Government banking account.

1. The contract to be for a period of five years from 1st January, 1885; but if at any time during the currency of the contract after 1st January, 1887, it shall be deemed desirable, in the interest of the public, to terminate the same, such termination may be effected by notice in writing from the Colonial Treasurer for the time being, addressed to the banks, and at the expiration of a period of six months from the day on which such notice shall have been given, the contract shall cease to exist; and if the banks keeping the Public Account shall at any time after the said 1st January, 1887, desire to terminate this agreement, it shall be competent for them to do so, on giving six months' notice to the Colonial Treasurer. The banks further agree to take on deposit £750,000 in Sydney, and £1,000,000 in London, £100,000 at each place to be free of interest, also to advance to the Government in Sydney £1,000,000, and in London £1,250,000.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

Encyclopædia Britannica, Vol. XVIII.*

This volume (embracing the letters Orm to Pht) which has just been issued, has now been added to the Library, and will be found to contain a variety of information of general interest. Under the head of "Partnership," Mr. James Williams contributes an able article reviewing the legislation which has taken place, and citing the principal cases in law and equity relating to the subject, in all its different branches. The article concludes with a concise epitome of the state of Partnership Law in Scotland and the United States.

Tables of Discount, by T. B. GUMERSALL.†

This work consists of Tables of Discount or Simple Interest at rates from $2\frac{1}{2}$ to 5 per cent., from 1 to 365 days, to which are added Tables of Brokerage or Commission from $\frac{1}{8}$ to $2\frac{1}{2}$ per cent. The Tables are not very different from others of a like character, but they appear clear and are easily referred to, while the fact of this being the Sixteenth Edition, is a fair proof of the accuracy and utility of the book.

The Merchants' Clerk: an Exposition of the Laws and Customs regulating the Operations of the Counting-house, by JOHN PEARCE.†

This is the Thirteenth Edition of a little hand-book dealing with the principal commercial laws and customs, as well as furnishing examples of the mode of various transactions. The chapters on Invoices and Account Sales, Charter Party, General and Particular Average and Insurance, are useful and instructive, fulfilling the author's aim to supply a clear definition of the terms continually in use in a bank or merchant's office.

* Edinburgh : A. & C. Black.

† London : Effingham Wilson.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Deposit Receipt—Stamp Duty.

QUESTION 312.—Can a deposit receipt be considered exempt from stamp duty, which sets forth on the face of it the terms upon which it is received, such as the rate of interest it bears and the notice of withdrawal it is subject to ?

ANSWER : Yes, under 33 & 34 Vict. c. 7.

Post-dated Cheque.

QUESTION 313.—A cheque is dated January 25 (which is Sunday), and presented the previous day. Is a banker legally justified in returning it marked "post-dated," or does it come under sec. 14 of the *Bills of Exchange Act*, 1882.

ANSWER : The answer of "post-dated" is correct. The cheque as described does not come within sec. 14 of the *Bills of Exchange Act*, 1882, which relates to bills payable otherwise than on demand.

Foreign Bill—Days of Grace.

QUESTION 314.—When would a foreign domiciled draft at three months, accepted in the following manner, be legally due ? "Accepted payable 20th July, 1884, at S. & Co., London." Paris, 20th April, 1884. "Exact & Co." Would S. & Co., London, be justified in refusing to consider the draft as due until July 23, and would the holder incur any responsibility by holding the draft over without "noting" until the expiration of the days of grace ? Is it the usual custom to send drafts, accepted in such manner, back to the acceptor for alteration ?

ANSWER : It is customary to present such bills for payment on the due date mentioned in the acceptance, and in the event of refusal as "not due," to note "pro forma" with advice to the endorsers, and then re-present for payment at the expiration of the grace.

Deposit Receipt—Trust.

QUESTION 315.—A deposit receipt is issued in these terms : “Received from John Smith, in trust for his son Alexander, a minor, the sum of £100,” which is placed to his credit on deposit account. The son comes of age and wants to draw the money. Is the bank safe to pay on his endorsement alone ?

ANSWER : It is most unusual for banks to issue deposit receipts recognising a trust. Should they do so, the question would depend entirely on the terms of the trust.

Dividend Warrants payable to.....and another.

QUESTION 316.—Cheques in payment of interest or dividends are frequently drawn payable to a party named “and another.” Is a banker safe in paying on the endorsement of either party without the other, or are both necessary ?

ANSWER : One signature only is necessary. See Mr. Chalmers’ edition (1882) of *Bills of Exchange Act*, 1882, sec. 97, and note thereon.

Decease of Customer—returning Cheque.

QUESTION 317.—In the event of the death of a customer, what notice should be required to justify the bankers returning the customer’s cheque with the answer, “drawer deceased” ?

ANSWER : Any information to the banker, from which he may fairly infer the decease of the drawer, is sufficient.

Promissory Note—Statute of Limitations.

QUESTION 318.—A. B. has deposited deeds, by way of collateral security, for an advance of £100, and signed an unstamped memorandum of deposit, undertaking to execute a mortgage when required. He has also signed a promissory note for the amount payable on demand. Is it absolutely necessary that the promissory note be renewed within six years to keep the debt alive, the debtor having paid no interest nor given any other acknowledgment within the period ? Would the answer to the above query be different in case the memorandum of deposit did not give an undertaking to execute a mortgage, but merely recited the deposit. Seeing that in both cases there would be a lien upon the deeds ?

ANSWER : In either case it is necessary that the promissory note should be renewed, but the deeds may be held against the debt.

Deposits—Security for Banker.

QUESTION 319.—Is the deposit of a certificate of shares with a transfer executed in blank, a security that a banker may safely take? Is a deposit of a policy with a memorandum any security?

ANSWER: Neither transactions being completed, no real security would be given thereby.

Guarantee—Stamp Duty.

QUESTION 320.—What stamp should a guarantee of an overdraft signed and *sealed* by a third party, bear?

ANSWER: A ten shilling impressed stamp.

Bill of Exchange—Forged Endorsement.

QUESTION 321.—Can a banker who has in good faith discounted a bill of exchange which bears a false endorsement claim on the other names appearing thereon.

ANSWER: Only on endorsers' names subsequent to the false endorsement.

Cheque—Endorsement.

QUESTION 322.—Would a banker be justified in refusing payment of a cheque because it was presented with the simple endorsement "John Smith," although drawn in one or other of the following ways:—

1. To the order of John Smith, Executor.
2. To the order of John Smith, Trustee.
3. To the order of John Smith (a/c. self and another), or words to that effect.

ANSWER: He would be justified in all three cases.

Surety—Statute of Limitation.

QUESTION 323.—C. D. became surety for A. B. for advance of £200, and joined in note of hand for the amount. C. D. also signed an unstamped memorandum undertaking to assign his reversionary interest on certain property when required so to do. For upwards of six years C. D. has paid no interest nor acknowledged in any other way his liability. Is he discharged from the debt?

ANSWER: Assuming that more than six years have elapsed since the note of hand became due, the right to proceed against C. D. in

respect of the debt is barred by the Statute of Limitations, but the rule of law is that the *remedy*, and not the *right*, is barred. Unless, therefore, C. D. has been actually required to assign his reversionary interest and has failed to do so for six years, the security still remains in force. What the precise mode of enforcing the security may be depends upon its form. We assume for the present purpose that it is not a deed under seal.

Deposit of Life Policy.

QUESTION 324.—Is a written deposit and undertaking to assign a life policy, and notice given to the Insurance Co. (although the latter may decline to recognise it on the ground that it is not a legal assignment) a valid security for a banker? Is the notice binding in any case on the Insurance Co.? What is the best form in which to take such a security, having regard to the stamp duty on a legal assignment being an objectionable expense to a customer?

ANSWER: A written deposit and undertaking to assign a life policy, with notice to the office is a valid security, and the office could not safely disregard the notice. Such a security should be under seal, in which case the 19th sec. of the *Conveyancing and Law of Property Act* the mortgagee has, among other powers, a power of sale. The stamp duty on mortgages, whether legal or equitable, and whether or not under seal, is the same, viz: 2/6 per cent.

SUMMARY OF BANK RETURNS

OF VICTORIA, NEW SOUTH WALES, NEW ZEALAND, SOUTH AUSTRALIA, QUEENSLAND, TASMANIA, AND WESTERN AUSTRALIA.

Compiled from the Sworn Averages for the Quarter ended 30th September, 1884.

LIABILITIES.

| | Notes in Circulation not bearing Interest. | Bills in Circulation not bearing Interest. | Balances due to other Banks. | Deposits not bearing Interest. |
|--------------------------|--|--|------------------------------|--------------------------------|
| | £ | £ | £ | £ |
| Victoria | 1,267,989 | 46,513 | 216,301 | 6,177,386 |
| New South Wales | 1,572,121 | 52,741 | 588,749 | 7,284,098 |
| New Zealand | 956,965 | 40,827 | 19,797 | 3,442,944 |
| South Australia | 527,636 | 24,676 | 60,632 | 1,511,277 |
| Queensland | 554,243 | 283,675 | 361,057 | 2,174,340 |
| Tasmania | 167,038 | 35,404 | 10,936 | — |
| Western Australia | 32,644 | 2,083 | 18,403 | 186,246 |
| Totals | 5,118,646 | 485,918 | 1,265,875 | 20,776,190 |
| | | Deposits bearing Interest. | Total Deposits. | Total amount of Liabilities. |
| | | £ | £ | £ |
| Victoria | | 21,698,760 | * 27,876,146 | 29,426,949 |
| New South Wales | | 18,264,925 | 25,549,023 | 27,762,637 |
| New Zealand | | † 6,401,958 | 9,844,902 | 10,862,494 |
| South Australia | | 3,448,964 | 4,960,242 | 5,578,188 |
| Queensland | | 4,019,434 | 6,193,674 | 7,419,661 |
| Tasmania | | — | ‡ 3,907,888 | 4,111,266 |
| Western Australia | | 442,081 | § 629,326 | 681,467 |
| Totals | | 54,276,122 | 78,960,201 | 86,830,652 |

* Victoria.—This includes £2,963,033 Government deposits.

† New Zealand.—This includes £275,617 Government deposits.

‡ Tasmania.—In this colony's Bank Returns, deposits bearing interest are not distinguished from those not bearing interest.

§ Western Australia.—Government deposits not stated separately.

ASSETS.

| | Coined Gold and Silver, and other metals. | Gold and Silver in bullion or bars. | Landed Property. | Notes and Bills of other Banks. |
|--------------------------|---|-------------------------------------|------------------------------|---------------------------------|
| | £ | £ | £ | £ |
| Victoria | 4,069,653 | 332,680 | 1,016,711 | 116,564 |
| New South Wales | 3,662,797 | 66,624 | 817,690 | 118,137 |
| New Zealand | 1,992,839 | 126,109 | 457,331 | 49,913 |
| South Australia | 1,117,215 | 9,830 | 371,180 | 59,030 |
| Queensland | 1,207,119 | 107,762 | 301,390 | 21,044 |
| Tasmania | 549,267 | — | 63,720 | — |
| Western Australia | 140,656 | — | 26,148 | 1,806 |
| Totals | 12,739,546 | 642,955 | 3,068,070 | 366,483 |
| | | Balances due from other Banks. | All debts due to the Banks.* | Total amount of Assets. |
| | | £ | £ | £ |
| Victoria | | 430,062 | † 28,764,004 | 34,718,624 |
| New South Wales | | 3,444,749 | ‡ 27,891,909 | 36,001,898 |
| New Zealand | | 52,570 | § 15,665,158 | 18,348,825 |
| South Australia | | 141,370 | ¶ 9,963,784 | 11,662,411 |
| Queensland | | 98,081 | ** 8,267,197 | 10,692,595 |
| Tasmania | | 549,810 | †† 2,679,671 | 7,842,370 |
| Western Australia | | 9,092 | ‡‡ 887,574 | 1,065,277 |
| Totals | | 4,725,734 | 94,798,634 | 116,337,000 |

* Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks.

† Victoria.—Government securities (if any) held by the banks are not separately distinguished in these returns.

‡ New South Wales.—This includes £70,311 average amount of N.S.W. Government debentures held by the Mercantile Bank of Sydney, and £559,560, average amount of Government securities held by Commercial Banking Co. of Sydney.

§ New Zealand.—This includes £251,538 Government securities; notes and bills discounted, £4,299,135; debts due to the banks, exclusive of debts abandoned as bad, £10,422,628; securities not included under other heads, £289,807.

¶ South Australia.—This includes £25,000 Government securities.

** Queensland.—This includes £263 Government securities and stamp account.

†† Tasmania.—This includes £137,900 Government securities, and £20,363, amount of British and foreign bills of exchange remitted, but not yet matured.

‡‡ Western Australia.—This includes £7,500 public securities.

(From the *Australasian Banking Record*)

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus :—£1,000 —

| Bank. | Account made up to | No. of Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus. |
|--|--------------------|------------------|--|----------|--------------------------|---------------------|------------------------------|---------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| *Barnsley Banking Co., Ltd. | | | | | | | | |
| | 1884. Dec. 31 | 1 | £ 300 | £ 60 | £ 25 | £ 5 | £ 20 | % 10 |
| Birmingham Joint Stock Bank, Ltd. | | | | | | | | |
| | " | 2 | 3,000 | 300 | 100 | 10 | 75 | 20 |
| Carlisle City & District Bank, Ltd. | | | | | | | | |
| | " | 6 | 500 | 100 | 25 | 5 | 10 | 15½ |
| Clydesdale Bank, Limited | | | | | | | | |
| | " | 106 | 5,000 | 1,000 | 50 | 10 | 40 | 12 |
| County of Gloucester Bank, Ltd. | | | | | | | | |
| | Dec. 25 | 9 | 800 | 183 | 100 | 25 | 75 | 10 |
| County of Stafford Bank, Ltd. ... | | | | | | | | |
| | Dec. 31 | None | 760 | 67 | 40 | (a) 5 1 | 30 | 12½ |
| Dumbell's Banking Co., Ltd. | | | | | | | | |
| | " | 5 | 180 | 37 | 6 | 2 | 4 | 10 |
| English, Scottish and Australian Chartered Bank | | | | | | | | |
| | " | 59 | 720 | 720 | 20 | 20 | 20 | 10 |
| German Bank of London, Ltd. | | | | | | | | |
| | " | None | 400 | 400 | 10 | 10 | None | 6 |
| Glamorganshire Banking Co., Ltd. | | | | | | | | |
| | " | 7 | { Pfce. 85 Ord. 970 | 42 | 5 | 2 10/- | 2 10/- | 5 |
| Glyn, Mills, Currie & Co. | | | | | | | | |
| | 1885. Jan. 31 | None | ... | 1,000 | ... | 1 17/6 | 27 10/- 28 2/6 | ... |
| Hull Banking Co., Ltd. | | | | | | | | |
| | 1884. Dec. 31 | 3 | 800 | 160 | 20 | 4 | 10 | 18½ |
| Lancaster Banking Co. | | | | | | | | |
| | " | ... | 275 | 275 | 25 | 25 | ... | 25 |
| Leicestershire Banking Co., Ltd. | | | | | | | | |
| | " | 16 | 1,000 | 400 | 25 | 10 | 10 | 10 |
| Liverpool Union Bank, Ltd. | | | | | | | | |
| | " | 2 | 3,000 | 600 | 100 | 20 | 80 | 12½ |
| Lloyds, Barnetts and Bosanquets Bank, Ltd. | | | | | | | | |
| | " | 53 | 4,688 | 750 | 50 | 8 | 37 10/- | 20 |
| London and County Bank, Ltd. | | | | | | | | |
| | " | 159 | 8,000 | 2,000 | 80 | 20 | 60 | 21 |
| London and North-Western District Bank, Ltd. | | | | | | | | |
| | " | None | 12 | 7 | 5 | various | various | 6 |
| London and South-Western Bank, Ltd. | | | | | | | | |
| | " | 49 | 1,000 | 300 | 50 | 15 | 35 | 6 |
| Manchester Joint Stock Bank, Ltd. | | | | | | | | |
| | " | 6 | 341 | 102 | 20 | 6 | 14 | 11½ |
| Manchester & Salford Bank, Ltd. | | | | | | | | |
| | " | 18 | 4,750 | 760 | 50 | 8 | 30 | 11½ |
| Manx Bank, Ltd. | | | | | | | | |
| | " | 3 | 75 | 25 | 6 | 2 | 4 | 5 |
| Merchant Banking Co. of London, Ltd. | | | | | | | | |
| | " | None | 1,500 | 375 | 20 | 5 | 15 | 6 |
| North & South Wales Bank, Ltd. | | | | | | | | |
| | " | 52 | 2,000 | 500 | 40 | 10 | 30 | 17½ |
| North Eastern Banking Co., Ltd. | | | | | | | | |
| | " | 30 | 787 | 236 | 20 | 6 | 14 | 5½ |
| Sheffield Banking Co., Ltd. | | | | | | | | |
| | " | 4 | 953 | 333 | 50 | 17 10/- | Nil | 12½ |
| Sheffield and Rotherham Banking Co., Ltd. | | | | | | | | |
| | " | 5 | 1,200 | 192 | 50 | 8 | 25 | 14½ |
| Wilts & Dorset Banking Co., Ltd. | | | | | | | | |
| | " | 55 | 2,000 | 400 | 50 | 10 | 35 | 22 |
| Yorkshire Banking Co., Ltd. | | | | | | | | |
| | " | 27 | 1,250 | 313 | 50 | 12 10/- | 37 10/- | 10 |
| York Union Banking Co., Ltd. | | | | | | | | |
| | " | 12 | 960 | 186 | 60 | { 12 10/- 7 10/- | { 37 10 | 18 |

* These accounts are made up annually.

† Including Liability of Customers for Acceptances and Endorsements.

STOCK BANK ACCOUNTS (*continued from page 121*).

1,000,000 (except columns 1, 2, 5, 6, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|---------------------------|--------------------|--|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans, and other Securities. | Bank Premises, Furniture, &c. | Total Assets. |
| | | | | | British Government Stock. | Other Investments. | | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 30 | 358 | Nil | 10 | 31 | ... | 89 | 335 | 5 | 460 |
| 425 | 1,975 | Nil | 63 | 268 | 100 | 559 | 1,743 | 33 | 2,703 |
| 95 | 492 | Nil | 16 | 83 | Nil | 95 | 493 | 25 | 696 |
| 560 | 7,771 | 479 | 117 | 1,269 | ... | (c)2,093 | 6,984 | 262 | 10,608 |
| 57 | 1,830 | 7,144 | 14 | 268 | 379 | 586 | 920 | 35 | 2,140 |
| 62 | 375 | Nil | 9 | 54 | 4 | 47 | 397 | 7 | 509 |
| 15 | 329 | Nil | 2 | 38 | ... | 96 | 270 | 7 | 411 |
| 190 | 4,108 | 469 | 57 | ... | ... | ... | (b)5,568 | 198 | 5,766 |
| 50 | 1,235 | ... | 26 | 237 | ... | ... | 1,475 | ... | 1,712 |
| (c)70 | 817 | 3 | 8 | 169 | ... | ... | 853 | 16 | 1,038 |
| 500 | 9,460 | 1,168 | ... | 2,878 | 1,932 | 826 | 6,392 | 100 | 12,128 |
| 160 | 874 | ... | 32 | ... | 93 | 2 | 1,109 | 20 | 1,224 |
| 275 | ... | ... | 69 | ... | ... | ... | ... | ... | (d) ... |
| 150 | 1,555 | Nil | 44 | 218 | 157 | 104 | 1,664 | 47 | 2,190 |
| 342 | 2,257 | 450 | 90 | 962 | ... | ... | 2,777 | 48 | 3,787 |
| 360 | 9,525 | 271 | 130 | 2,215 | 1,200 | 1,215 | 6,173 | 172 | 10,975 |
| 1,000 | 26,976 | 3,503 | 218 | 6,798 | 3,583 | 1,091 | 21,827 | 444 | 33,743 |
| 1 | 20 | Nil | ... | 3 | ... | ... | 26 | ... | 29 |
| 35 | 2,647 | Nil | 17 | 531 | 302 | 674 | 1,346 | 102 | 3,043 |
| 65 | 509 | 37 | 15 | 94 | ... | ... | 681 | ... | 725 |
| 340 | 5,633 | 152 | 108 | 612 | 499 | 305 | 5,409 | 134 | 6,960 |
| ... | 70 | ... | 1 | 23 | ... | 33 | 48 | 5 | 109 |
| Nil | 2,136 | ... | ... | 160 | ... | ... | 2,306 | 20 | 2,514 |
| 250 | 5,595 | 75 | 82 | 1,314 | 752 | 176 | 4,143 | 203 | 6,588 |
| 61 | 669 | Nil | 7 | 60 | 73 | 156 | 641 | 34 | 973 |
| 143 | 480 | Nil | 47 | 168 | 134 | 217 | 1,695 | 27 | 2,241 |
| 115 | 1,583 | Nil | 29 | 373 | 112 | 152 | 1,280 | 18 | 1,945 |
| 400 | 4,616 | Nil | 89 | 621 | ... | 2,590 | 2,268 | 92 | 5,572 |
| 58 | 2,457 | 9 | 27 | 635 | 100 | 315 | 1,854 | 82 | 2,986 |
| 121 | 1,588 | ... | 34 | 774 | ... | 218 | 965 | 29 | 1,986 |

(a) £5 on £12,000 Shares, and £1 on 7,000 Shares.

(b) Includes Bills Receivable, Loans on Security, Cash at Bankers, Specie, and Bullion.

(c) Contingency Fund, having special reference to the affairs of the old Company.

(d) No further information published.

(e) Includes Consols and other Securities, Temporary Loans, and Money at Call.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Feb. 4. 1 | 1885. Feb. 11. 2 | 1885. Feb. 18. 3 | 1885. Feb. 25. 4 | 1884. Feb. 27. 5 |
|-------------------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF ENGLAND. | | | | | |
| ISSUE DEPARTMENT. | £ | £ | £ | £ | £ |
| Notes issued | 37,362 | 37,692 | 38,317 | 38,812 | 37,211 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 21,612 | 21,942 | 22,567 | 23,062 | 21,461 |
| | 37,362 | 37,692 | 38,317 | 38,812 | 37,211 |
| BANKING DEPARTMENT. | | | | | |
| LIABILITIES. | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Res. | 3,425 | 3,436 | 3,453 | 3,459 | 3,356 |
| Public deposits | 7,118 | 8,356 | 9,728 | 10,784 | 11,244 |
| Other deposits | 22,941 | 23,535 | 23,286 | 24,405 | 23,036 |
| Seven day and other bills..... | 195 | 184 | 164 | 150 | 152 |
| Total..... | 48,232 | 50,064 | 51,184 | 53,351 | 52,331 |
| ASSETS. | | | | | |
| Government securities | 13,653 | 14,052 | 14,052 | 14,052 | 13,453 |
| Other securities..... | 20,593 | 21,134 | 21,209 | 22,750 | 24,813 |
| Notes | 13,052 | 13,828 | 14,796 | 15,393 | 13,030 |
| Gold and Silver coin | 934 | 1,050 | 1,127 | 1,156 | 1,035 |
| Total..... | 48,232 | 50,064 | 51,184 | 53,351 | 52,331 |
| Notes in the hands of the | | | | | |
| Public..... | 24,310 | 23,864 | 23,521 | 23,419 | 24,181 |
| Reserve | 13,986 | 14,878 | 15,923 | 16,549 | 14,065 |
| Proportion of reserve to | | | | | |
| liabilities (per cent.)..... | 46.23 | 46.38 | 47.99 | 46.83 | 40.86 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | 3½ % |
| RATES OF EXCHANGE ON LONDON. | Feb. 5. | Feb. 12. | Feb. 19. | Feb. 26. | Feb. 23. |
| Paris, cheque— | | | | | |
| (par £1=25f. 22½ c.) | 25.32½ | 25.35½ | 25.36½ | 25.36 | 25.23½ |
| Berlin, 8 days— | | | | | |
| (par £1=20m. 43 pf.) | 20.49 | 20.50½ | 20.49½ | 20.50 | 20.49 |
| New York, 60 days— | | | | | |
| (par £1=\$4.867) | 4.83½ | 4.83½ | 4.83½ | 4.83½ | 4.86½ |
| Calcutta, 4 m/d— | | | | | |
| (per rupee)..... | 1s. 7½d. | 1s. 6½d. | 1s. 6½d. | 1s. 6½d. | 1s. 7½d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Feb. 5. 1 | 1885. Feb. 12. 2 | 1885. Feb. 19. 3 | 1885. Feb. 26. 4 | 1885. Feb. 28. 5 |
|--|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF FRANCE. | | | | | |
| (Converting the franc at 25 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Public deposits | 4,094 | 5,547 | 5,348 | 6,168 | 13,850 |
| Private deposits | 14,669 | 12,986 | 12,772 | 13,435 | 16,885 |
| Notes in circulation | 119,422 | 117,681 | 116,973 | 116,288 | 118,974 |
| Other items | 12,238 | 12,232 | 12,301 | 12,223 | 12,141 |
| Total..... | 150,423 | 148,446 | 147,394 | 148,114 | 161,850 |
| ASSETS. | | | | | |
| Gold | 40,085 | 40,075 | 40,173 | 40,143 | 39,492 |
| Silver | 41,228 | 41,256 | 41,494 | 41,605 | 40,032 |
| Bills | 38,997 | 38,241 | 36,530 | 37,596 | 52,552 |
| Advances | 17,438 | 17,131 | 17,037 | 16,704 | 18,368 |
| Other items | 12,675 | 11,743 | 12,160 | 12,066 | 11,406 |
| Total..... | 150,423 | 148,446 | 147,394 | 148,114 | 161,850 |
| Rate of discount..... | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | |
| | 1885. Jan. 31. | 1885. Feb. 7. | 1885. Feb. 14. | 1885. Feb. 23. | 1885. Feb. 23. |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 36,210 | 34,682 | 33,939 | 33,247 | 33,511 |
| Current accounts | 11,597 | 12,118 | 12,081 | 12,494 | 12,610 |
| Other items | 7,040 | 7,038 | 7,034 | 7,033 | 6,979 |
| ASSETS. | | | | | |
| Coin and Bullion | 27,658 | 27,982 | 28,223 | 28,923 | 31,094 |
| Bills and Loans | 23,036 | 21,952 | 21,302 | 20,472 | 18,524 |
| Other items | 4,668 | 4,430 | 4,060 | 3,947 | 4,029 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | 4 % |

| DONATIONS. | By whom Presented. |
|--|---|
| UNITED STATES. ANNUAL REPORTS OF THE SECRETARY OF THE TREASURY UPON THE STATE OF THE FINANCES FOR THE YEARS 1882, 1883 AND 1884. 3 volumes | The Hon. H. W. Cannon, Comptroller of the Currency. |
| UNITED STATES. QUARTERLY REPORT OF THE CHIEF OF THE BUREAU OF STATISTICS RELATIVE TO THE IMPORTS, &c., OF THE UNITED STATES FOR QUARTER ENDED SEPTEMBER, 1884. Washington... | The Hon. H. W. Cannon, Comptroller of the Currency. |
| WALKER (J. DOUGLAS), M.A. A TREATISE ON BANKING LAW. Second Edition. London, 1885 ...} | The Author. |

PURCHASED.

ENCYCLOPÆDIA BRITANNICA. Vol. XVIII. ORN to PHT. London, 1885.
 FAWCETT (RIGHT HON. HENRY). FREE TRADE AND PROTECTION. Fifth Edition. London, 1882.
 FAWCETT (RIGHT HON. HENRY). MANUAL OF POLITICAL ECONOMY. Sixth Edition. London, 1883.
 GOLD COINAGE. A COLLECTION OF PAPERS AND ARTICLES.
 MITCHELL (JOHN). MANUAL OF PRACTICAL ASSAYING.
 STOCK EXCHANGE YEAR-BOOK FOR 1885.
 STATESMAN'S YEAR-BOOK FOR 1885.
 WALKER (F. A.). THE WAGES QUESTION. London, 1884.

ELECTIONS.

The following is the list of those elected at the March meeting of the Council :—

FELLOWS.

GEO. HENRY ALEXANDER..... Mercantile Bank of Sydney, London.
 HENRY HAMMOND JOHNSTON ... Messrs. Hardy and Co., Grantham.

ASSOCIATE.

WILLIAM FISHER..... London and Provincial Bank, Blackheath.

ORDINARY MEMBERS.

STANLEY FORD..... Messrs. Melville, Evans and Co., 75, Lombard Street, E.C.
 CHAS. LAWRENCE GARDINER ... National Provincial Bank of England, Leicester.
 FREDERICK GIBBINS Leicestershire Banking Co., Uppingham.
 GEO. JOSHUA GROUND National Provincial Bank of England, Bury St. Edmunds.
 ARTHUR BERTRAM GUY Stamford, Spalding and Boston Bank, Uppingham.
 WILLIAM HENRY HARLOW J. & J. C. Wright, 1, Carlton Street, Nottingham.
 GEO. JOHN SYMONDS Glyn, Mills, Currie & Co., Lombard Street.

EXAMINATIONS, 1885.

The Examinations will be held both in London and the Country on the evenings of the 11th, 12th, and 13th of May.

The Institute of Bankers.

R. B. MARTIN, Esq., M.P., President, in the Chair.

THE FUTURE OF SILVER.

By H. SCHMIDT, Esq.

[To be read before the Bankers' Institute, Wednesday, March 18th, 1885.]



SINCE the publication of the Parliamentary Report on the Depreciation of Silver in 1876, the general public has not paid much attention to the Silver question, and even the Paris Conferences of 1878 and 1881 failed to evoke special interest. But the question of standards remains to-day as open as it was ten years ago, and has not ceased during all this period to be watched with close concern by some economists, who believe that upon its ultimate settlement one way or another the prosperity of the people depends to a much larger extent than is generally assumed.

As our trade with countries possessing the single silver valuation amounts to more than one-third of our whole foreign trade, and, in spite of depression, continues to show satisfactory totals, there exists among us a very large circle of mercantile people directly interested in the price of silver. But besides this circle, the price of this metal concerns all persons receiving annuities from countries with the silver standard; it concerns the owners of silver securities; and last, but not least, the Government of India.

During the last three or four years the price of silver had on the whole shown a certain stability, and people began to hope that somehow a new level had been found which it would be possible to maintain. Recently, however, there has been a fresh break in the quotations, and this has created new uneasiness. The press, too, has recommenced to dwell on the uncertainties of the future, on the doubtful issue of the approaching meeting of the Latin Union, on



the official views on currency expressed at Washington. In fact, the old fears which, during the last ten years from time to time disturbed the exchange markets, are re-appearing. The justification for the price of silver is again called into question. The present, therefore, seems a suitable opportunity for investigating the actual position of the silver controversy and for inquiring into the probable chances of the future of that metal.

I will not weary you with a detailed account of the history of this controversy. For our purposes the following short statement will suffice.

Since the French in 1804 adopted the relative value of $1.15\frac{1}{2}$ for gold and silver up to the beginning of the demonetization of silver by Germany in 1872, the price of silver was virtually fixed at $60\frac{1}{2}d.$ per oz. standard, and varied from this par of exchange only by such fractions as represented the charges for mintage and conveyance, just as the exchanges between Paris and London or London and New York vary between the two so-called specie points.

The demonetization of silver by Germany and the subsequent cessation of its free coinage in France and the Latin Union, disturbed this relation between gold and silver. The depreciation of this latter metal began. This was due, therefore, to legislative measures and, as is now generally admitted, not to the increase in the production of silver which happened simultaneously. It could never have occurred had Germany adhered to the silver valuation and France to the double standard.

For some time after 1874 the price of silver fluctuated violently, but, as mentioned, during the last four years it became steadier. A new equilibrium between demand and supply seemed to have been established at $50-52d.$ per oz. standard, based on the production and consumption of that metal, on the actual monetary legislation, and the balance of trade between the countries of the gold and those of the silver valuation.

For since the disappearance of the fixed ratio of $1.15\frac{1}{2}$ it is on these four factors, production, industrial consumption, state of trade, and monetary legislation, that the value of silver depends, and in estimating the probable future of this value we shall have to pass these four items under review.

Let us first approach the question of production. A considerable increase in the output of silver could not be without influence on its value now that nearly all the mints are closed to that metal, but there is nothing that foreshadows such a contingency. On the contrary, geognostic reasons lead us to expect a tolerably even production of silver which, in this respect, is very unlike that of gold, which is fitful and uncertain, owing to the specific gravity of that metal. As a matter of fact, the production of silver since 1875 shows a gradual increase of about £3,000,000 per annum, a trifling amount if compared to the total of silver coins in existence, estimated at £750,000,000,

and certainly too small to account in any way for the fluctuations of 15 per cent., which during this period have taken place in the value of silver, making on the above sum a difference of over £110,000,000. That there could be even a larger yearly increase of production without much affecting the value of silver, will be evident from the fact, that for the last few years the total of the production of silver, plus that of gold, exceeded by but a few million pounds sterling, the production of gold alone for the years 1852 and 1853.

With regard to the industrial consumption of silver, it suffices to say that no appreciable change is apprehended in that direction. The same may be stated of the third factor mentioned above. The balance of trade between the countries of the gold and those of the silver standard may fluctuate so as to move the exchanges by a fraction or two of a penny, but no large disturbances are at all likely to occur.

There remains then the last factor—the existing monetary enactments—and it is on this that the future of silver mainly depends. Our enquiry will therefore be equivalent to an examination of the probability of the continuance of the currency legislation in the different States.

The countries here in question are those with an incomplete monetary system, for the desire to perfect this will always exist. These are the States possessing what is called the “limping standard,” i.e., free coinage of gold with the simultaneous circulation as full legal tender of the existing over valued silver coins. These are principally France, with the Latin Union, Germany, Holland, and the United States of America. We shall now examine the position of the silver question in these different countries.

The Latin Union, in which, since 1876, the coinage of silver has been entirely suspended, will come to an end on January 1st, 1886, if not previously renewed, and nothing could more seriously damage the position of silver than the decision on the part of this Union to melt down and bring to market the immense amount of silver coins which it holds. There appears, however, no ground whatsoever for apprehending such a step. Whether the Union is continued at all or not—and the probability is that it will be continued in some form or other—nothing is more unlikely than that silver will be sold by the States composing it. It is true, Switzerland and Belgium have repeatedly shown a desire to adopt the single gold valuation, but these countries would be able to employ nearly all their silver coins as subsidiary or token money. As to France and Italy, they would find it utterly impossible to realize only a small part of their silver in the existing state of affairs, and to replace it by gold. Some economists, more recently even than M. Paul Leroy Beaulieu, have, I admit, proposed such a course, but no responsible French or Italian statesman ever suggested it. France alone holds over 3 milliards of silver, of which, after its demonetization, as a maximum,

only about a third could be used as token money. This is the amount now held by the Bank of France alone. A change of standard in France would therefore necessitate the sale, against gold, of over £80,000,000 silver. Such a policy is, of course, out of the question, and it is the hopelessness of adopting it which explains the great desire French statesmen have always shown to abstain from taking any step to injure the white metal. For even if the French finances could easily bear the loss which would result from such a policy—and that seems doubtful—there is at present no reservoir visible in the world from which an amount of gold could be taken sufficient to fill up the gap created by the withdrawal of this silver. The position of Italy is similar to that of France; if anything she is even more embarrassed by silver.

Turning from the Latin Union to Germany, we find that a question which a few years ago was considered a most important factor in fixing the value of silver, viz., whether the German Government would resume its sales of silver or not, seems no longer to be influencing the market. But, all the same, Germany has some £20,000,000 to £25,000,000 sterling of silver to sell. It is, however, known that both the Government of that country and the majority of the Reichstag are adverse to a resumption of these sales, which have been suspended since the spring of 1879, and which, if resumed, would result in a fresh considerable loss to the country, even at the present quotations, which are not likely to be obtained. As in other cases, so in this, circumstances proved too strong, and Germany has thus far been unable to complete her change of standard.

In Holland an adverse balance of trade favoured for the last few years the export of gold, and the stock of that metal at the State Bank was at times so small that last spring the Dutch Government passed a law authorising them to melt down and sell 25,000,000 of silver florins in case the gold reserve of the Netherlands Bank should fall dangerously low. There is, however, no disposition to make use of this authority except if matters are *in extremis*, and the silver market has, therefore, not been influenced by this Act.

Reviewing now the state of the currency question in the principal States of the Continent, we find a great similarity of conditions everywhere. There is a state of transition and incompleteness resulting from the nominal adoption of the gold standard simultaneous with the circulation as full legal tender of large amounts of over-valued silver coins. In order to remedy the evils inseparable from this limping standard, some isolated attempts have been made to come to a general understanding about the remonetization of silver, but there is not yet sufficient evidence of a probability of success of such endeavours to induce us to regard them as likely to influence the silver market in the near future, though necessity may ultimately force the Continent to seriously grapple with the silver problem.

As a result of the above investigation it is justifiable to conclude

As a result of the above investigation it is justifiable to conclude that, as far as Europe is concerned, the future of silver, within such a period as interests business men, is not likely to be disturbed by any government or legislative interference.

In the United States of America the position of silver is entirely different from that in Europe. For under the provision of the Bland Act of 1878 silver is still being coined by the American treasury at the rate of about £5,000,000 per annum. The total of these coins thus far struck amounts to nearly £37,000,000 nominal, of which only about £9,000,000 are in circulation, whilst £28,000,000 remain in the vaults of the treasury. Against these latter, however, silver certificates have been issued, and circulate to the extent of over £20,000,000, leaving only about £8,000,000 of silver unemployed. As the standard in the United States is gold, the Government are opposed to adding another £5,000,000 a year to this useless silver, and have, therefore, for several years past, advocated the repeal of this Bland Act on the twofold plea that "unless the coinage of silver dollars and the issue of silver certificates is suspended, the result will be that silver will practically become the standard value of the country," and "that the suspension of coinage of silver in the United States would do much to bring about, on the part of European nations, action in its favour."

These repeated recommendations of the United States Treasury, and the anti-silver views known to be entertained both by the last and the present Presidents, have of late, more than anything else, disturbed the silver market, and unquestionably produced that recent break in the quotations to which I alluded above. It is, therefore, of the utmost importance to examine the position of silver in America in all its bearings, and to endeavour to find on which side the true interests of the Union are ranged; for we may reasonably expect that in a question like this, that policy is likely to be ultimately triumphant which is for the good of the nation at large, whether it is in harmony or not with the views and recommendations of Presidents or Treasurers. The final decision will be dictated by interest, not by sentiment.

The contingency of which the Americans are evidently the most afraid in connection with this subject, and which, in the official document just quoted, Mr. Secretary McCulloch mentioned in the first place, is that the United States may practically become a silver standard country through the operation of the Bland Act. Such, according to political economy, must be the result of the present policy, and, no doubt, this will be its ultimate effect. But it must not be overlooked that the operation of the monetary law which governs this case is very slow. A little calculation will assist us. Even if America continued coining silver at the present rate till the end of the century, she would only possess some £110,000,000 of Bland dollars, or still about £50,000,000 silver coins less than France possesses at the present time, whilst her population is then likely to be more than double that

of contemporary France. There seems, therefore, no reason to apprehend that within measurable distance the silver in the United States will drive the gold out of the country, and become the sole standard of value. But whatever argument the contingency of the American standard becoming silver—even if likely to arise—could supply, it will, I think, have but little weight if there are other reasons which make the continuance of the coinage of silver a matter of vital importance to the prosperity of the Union. I beg to submit that such reasons exist, and will endeavour to state them.

Originally the Bland Act was simply a piece of protective legislation, passed at the instance and in the interest of the silver party in America, which desired to maintain the price of silver at a higher figure by employing a portion of the produce of the mines at home. The general expectation that the repeal of the Bland Act would be prejudicial to silver may be cited as proof that this object of the silver party has been, at least, to a certain extent, attained. As the United States can boast of the largest production of silver,* a considerable part of which is exported, the fact that the Bland Act enabled the country to obtain a higher price for its silver than would otherwise have ruled is alone a powerful argument with the silver party against the repeal of this Act, and one that will always carry some weight among a people as strongly protectionist as the Americans. But the history of the last few years furnishes still better reasons for the continued coinage of silver in America—reasons which nobody could dream of in 1878, but which to-day enable the silver party to plead, not as advocates of selfishness and class privilege, but as champions of the greatest and most vital interests of the nation.

In order to explain why the silver party in the States can to-day take up such a position, we shall have to leave for a moment the consideration of America, and see what effect the depreciation of silver has wrought on India. The standard value of India is silver. A cheaper and more plentiful supply of the metal constituting the basis of her currency would, according to experience, by stimulating commerce, confer a benefit on India. Unfortunately, however, India has large foreign gold liabilities to discharge, a burden which through the depreciation of silver is proportionately increased. The amount annually due by India to England is estimated at £20,000,000, of which about £16,000,000 represent the Government drawings on the Presidencies. The fall in silver, therefore, forced India to increase her exports to Europe, and, consequently, we had larger arrivals of such articles as tea, jute, indigo, cotton, wheat, &c. As the demand for these goods did not increase proportionately with the greater supply, prices in the London market fell, thereby necessitating a further increase in India's exports. In this condition, partly under the pressure

* The production of silver in the United States was—1881, £8,600,000; 1882, £9,360,000; 1883, £9,250,000.

of necessity, partly on the advice of her administrators, India began to chiefly augment, as far as possible, her exports of all those products in which she could, in the markets of the world, compete with the exports of countries of the gold standard, thus benefiting to the full extent of the depreciation of silver. Special attention was paid to cotton and wheat, with the result that the value of India's exports of cotton steadily increased from Rs.11,14,91,000 in 1879-80, to Rs.16,05,00,000 in 1882-83, with but a slight reaction to Rs.14,36,13,000 for 1883-84. Simultaneously the value of wheat exported rose from Rs.1,00,29,000 in 1879-80 to Rs.8,87,98,000 in 1883-84. These two articles alone thus show during these five years an increase in value of over 11 crores out of a total increase in the exports of India of about 21 crores, and this in spite of the fall in value which, during this period, took place.

The result of the competition of the Indian wheat has not only been a diminution of the dependence of England on the supplies from America, but also a very considerable fall in the price of this product, which has benefited England, but seriously affected the farming industry of the United States. It has been said, and not without some truth, that the price of wheat to-day depends upon the Indian Exchanges, and the connection between the value of silver and the prosperity of the largest industry in America is thus apparent. What holds good of wheat may be equally said of cotton. And as cotton and cereals occupy the foremost place in the exports of America,* the unsatisfactory condition of those markets will, to a large extent, explain the commercial depression which exists in the United States, where the farmers complain that the export of wheat is leaving a loss, where the railways are suffering from low rates and want of freight, where the numbers of bankruptcies have increased, where taxes yield less, and where reduction of wages and short time are the order of the day.

The great factor which silver forms in the price of their principal products is gradually being understood by the American farmers and by their representatives in Congress. Under these circumstances the suspension of the Bland Act, which would undoubtedly enable India to compete on still more favourable terms with America, is certain to meet with great opposition, and not likely to be allowed to pass, as long as the population of America is not large enough to consume its own wheat and work up its own cotton, and probably then only if, meanwhile, the stock of gold has increased so as to suffice for the needs of the larger population. The silver party, which, so far, had to defend single-handed the Bland Act, will now in all probability be

* To a total of exports in 1881-82 of £146,614,000, cotton contributed £39,973,000; and wheat cereals and flour, £36,097,000. For 1882-83 these figures were £164,768,000, £49,466,000 and £41,098,000. Cotton and cereals represented, therefore, 52 per cent. and 55 per cent. of the whole exports.

prosperity the future of America is felt to depend, and it is scarcely probable that this future will be deliberately sacrificed by Congress to the phantom of the gold standard and the convenience of the banking party in New York. The fight in the States is not one of party against party, but one of East against South and West.

The power of the latter is growing every year, and it would not be surprising if this power were one day to be exerted in favour of an increase rather than a decrease in the coinage of silver. For the coinage of more silver would raise its price, and thus reduce India's power of competition; it would at the same time probably lower the American standard, thereby facilitating exports and impeding imports. Such a step would undoubtedly be contrary to the doctrines of political economy as taught by the English school, but the Americans have always had some economical ideas of their own, and have applied them whether the English school considered them orthodox or not. The view that the relative value of gold and silver, both being money, could be fixed at any proportion which lies between the relations of value these metals would have to one another if each were exclusively money, provided the area over which it is adopted is sufficiently large, is widely held in the States, and one day the experiment may be tried of putting this theory into practice.

That American statesmen are really trying to improve the value of silver—apart from the fact that the late secretary, Mr. McCulloch, is known as an ardent bi-metallist—is evident by the second argument officially adduced for the suspension of the Bland Act in the document quoted above, viz., "that the cessation of the coinage of silver would do much to bring about on the part of European nations action in its favour."

We have seen that not only the export value of the silver of American mines, but also of her principal agricultural products is lowered just in the proportion as silver depreciates. An attempt to effect a rehabilitation of silver by means of a great disturbance of its value seems, therefore, scarcely likely to proceed from America, which would be the chief sufferer. Nevertheless, as an official document enunciates such a policy, it must be admitted that the attempt might be made, and to investigate whether there is a probability of its being successful or not.

The question is whether a further fall in the price of silver brought about by the repeal of the Bland Act would be such a calamity to the nations of Europe as to induce them to accept America's terms on the question of standard.

As far as the continent of Europe is concerned, the additional percentages by which the circulating silver coins would thereby become over-valued, are not likely to constitute an argument sufficiently weighty to effect a change in the monetary policy of the different States. Germany, it is true, as the largest producer of silver after the United States, Mexico, and Bolivia, would suffer a

special loss, but even this new depreciation on £2,000,000 per annum would not terrify her. Cheaper silver and, consequently, cheaper wheat would undoubtedly be an annoyance to the landlords, but the remedy of higher import duties on corn would suggest itself to continental statesmen and probably be adopted.

Coming to the consideration of England, against which the suspension of the Bland Act is admittedly chiefly directed, we find that as its immediate consequence she would be able to obtain a cheaper supply of several articles of import, especially of food supplies, a circumstance which, in our industrial country, goes far to compensate simultaneous disadvantages to which I shall refer later on. But it is not so much directly as indirectly through India that it is expected to bring England to adopt the proposed policy. We must, therefore, examine the question of the effect upon India of the suspension of the Bland Act.

That the immediate results of such an event are likely to be undesirable and detrimental to India may be fully admitted. A scare, possibly a panic, may ensue. The stability of the exchanges, not very remarkable as it is, would certainly disappear at once. But against such exceptional occurrences there are remedies. The Indian Government would have to reduce or even to discontinue the weekly drawings to abate any alarm, nay, in case of need, there ought not to be a moment's hesitation even in suspending temporarily the free coinage of silver in the Indian mints. This may disturb the revenue from opium, but it will save the merchants from the ruinous losses of a panic. But in time the fears about silver are certain to subside, and India will then set to work in earnest to consume to the best of her ability the new supplies of that metal which America will throw on the market. As these will undoubtedly be obtainable at lower than the present prices, we think the task thus before India will not be so very difficult, even with the weight of an annual gold liability of £20,000,000 round her neck. The lower exchanges will facilitate the further increase in the exports of India then necessary, and though the struggle will certainly be hard and severe, it would, after the experience of the last five years, be very rash indeed to say that India will be unequal to this task. Indeed, I think she would succeed better than most people expect in taking an extra £5,000,000 silver per annum, for, in addition to £6,000,000 to £8,000,000 silver annually, she has of late imported considerable amounts of gold, in 1883 over £5,000,000. A large reduction in this item would alone enable her to absorb most of the extra silver even at the present exchanges, and without making any allowance for a decline in the production of that metal which, at lower prices, is likely to take place.

In confirmation of the above view I may state that before the Bland Act existed, and at a time when Germany was selling silver and Indian exports much smaller than now—in 1876—the lowest

In confirmation of the above view I may state that before the Bland Act existed, and at a time when Germany was selling silver and Indian exports much smaller than now—in 1876—the lowest allotment of Council bills took place at 1s. 6½d., or only about ¼d. below the present price.

As soon as India has once re-established the equilibrium of her commerce on the new basis, a cheap and plentiful supply of her standard bullion cannot fail to have again a stimulating effect on her mercantile activity, the more so as the fear of the suspension of the Bland Act, which is now constantly threatening her exchanges, will then be finally removed.

A review of all these facts seems, therefore, by no means to sustain the opinion of those American statesmen who expect, by demonetizing silver, to force England to accept, for the sake of India, any conditions they may choose to dictate for the settlement of the pending monetary questions. I, therefore, think that the second argument given by Mr. Secretary McCulloch, in favour of suspending the Bland Act, is not sound.

This will become apparent in the United States the more this silver question is studied, and the position of the silver party will thereby be strengthened. But even on orthodox economical grounds, the silver men in America have, apart from the reasons given above, an excellent plea for their metal. Roscher taught that every country ought to choose that metal for its standard which it produces. On this principle America would commit an economic mistake to discard silver. On this principle a scientific defence of the Bland Act could be conducted. No doubt it requires some courage to favour what it is now the fashion to reject, but fashion changes, and by standing a little longer by silver, and declining to discredit it entirely, America may yet succeed in inducing some continental nations, who are all very much embarrassed by this question, and find Indian wheat a disagreeable competitor, in spite of their tariffs, to join in a general agreement as to a common monetary policy.

There is one point to which I have to allude before concluding this paper. We have seen it asserted that both for India and England the suspension of the Bland Act would be an advantage. As stated, it is my opinion that the consequences of such an event will not be so alarming as to compel England to accept any conditions, in order to prevent its taking place. But there is this further contention, that the policy proposed by America as a means of terrifying England, far from being an evil, would absolutely be a benefit both to her and to India. Can such a statement be substantiated?

The formula on which this view is based is simple enough. America being the producer of silver, England the buyer, and India the consumer, it is argued that everything that would make silver cheaper is of necessity in favour of the two latter countries. In spite, however, of the sweet simplicity of such a theory, I do not

That the consequences of the suspension of the Bland Act to India are not entirely favourable, I have already shown, and although I admit that ultimately, when panic and scare are forgotten, that country would probably be benefited, I think that the disturbances of value which are certain to take place before the new adjustment is completed, will be so great that those who, for the sake of the eventual advantages, wish to create those disturbances wilfully, are taking a very mistaken view of the question.

Steadiness in her exchanges is one of the boons to India, one of the chief requisites of her commerce, and nothing would justify us to expose the rupee, without adequate cause, anew to all the chances of the unknown, when after so many losses a certain stability has at last been reached. The less certain the exchanges the less regular is the flow of English capital to India. How prejudicial this is, may be gathered from the perplexity of the Indian Council, which is constantly wavering between borrowing in London and in Calcutta, *i. e.* between paying an exorbitant rate of interest and exposing India to all the evils of an increased gold liability.

But, it is contended, granted that the effect upon India of the suspension of the coinage of silver in the States is open to discussion, there can be no question that England will benefit, for do not our own arguments show that the cheapness of wheat, cotton, and all Eastern produce, depends upon cheap silver? If cheapness means prosperity, this proposition is incontrovertible, but it seems to us that it is possible to buy even cheapness too dear. Without any sympathy with protectionism, it may be questioned whether a country is particularly prosperous where, owing to the low price of produce, the land is going out of cultivation, and where through the continued fall in prices trade is declining and large classes are suffering though bread be cheap. But there is another contingency to be taken into account should the Bland Act fall. The *Economist* which, with strange tenacity maintains the view of England being benefited by such an event, hints at this possibility, and actually cites it as an argument in its favour by saying that the exports of an extra £5,000,000 silver per annum from America would to this extent increase the trade between that country and England. I beg to submit that the benefit thus conferred on England would very much depend upon what America would ask in exchange for her silver. The statistics of the circulation of the silver certificates in the States show that there is a yearly increasing demand for currency, owing to the constant increase in population and trade. If, as is proposed, the issuance of these certificates is suspended, America would undoubtedly require gold to fill the gap left in her currency, and there seems every probability of her asking for gold in exchange for her silver. Indeed, the bankers of Wall-street are confidently counting on such an event. This is a contingency which, in the present nearly chronic state of the insufficiency of the gold reserve of the Bank of England, I think highly

her asking for gold in exchange for her silver. Indeed, the bankers of Wall-street are confidently counting on such an event. This is a contingency which, in the present nearly chronic state of the insufficiency of the gold reserve of the Bank of England, I think highly undesirable, in spite of the *Economist*. A further fall in prices will then be unavoidable; no doubt very gratifying to the friends of the gospel of cheapness, but scarcely beneficial to English commerce. For, though cheapness resulting from improved methods of production is welcomed by everybody, cheapness consequent on a scarcity of gold is a different thing altogether.

And here we touch what seems to me the least desirable result of the demonetization of silver, a result certain to be intensified by the fall of the Bland Act—the appreciation of gold.

The prosperity of England between 1851 and 1875 has been ascribed to several causes, such as free trade, the extension of railways and telegraphs, as well as to the large increase in the production of gold. All these causes, with the exception of the last, continue at work, and still the country is admittedly less progressive than before. I therefore think this phenomenon not unconnected with the question of the gold supply. Mr. Newmarch's authority directly attributed the former increase of England's commerce to the stimulating influence of the imports of gold; inversely, I think that to the short supply of gold must be attributed that less cheerful condition of trade which exists to-day everywhere, whether the country be free trade or protectionist, monarchical or republican, industrial or agricultural.

The appreciation of gold seems to us a serious evil. In its favour it is said that England, having international claims in gold, benefits by this appreciation. This is true as far as it goes. But against this one good, are to be set many evil results. Whether prices are high or low does not much matter, but whilst they are declining capital loses the opportunity of productive employment. Moreover, the appreciated currency will stimulate imports and prevent exports; manufactures will decline, employment become scarce, and labour lose through enforced idleness. Wages will tend to fall, and where artificially prevented from doing so, labourers will be dismissed and the number of the unemployed increased. Such would be the consequences of an appreciation of gold. Whether all have already occurred or not I do not venture to say, but they will be unavoidable should the demonetization of silver make progress. No doubt those living on realised fortunes would gain at first, but after a while social discontent would propound schemes for appropriating by legislation what the masses think themselves entitled to. For, as Professor de Laveleye puts it, the increase in the purchasing power of gold means the triumph of the Stock Exchange over the labouring classes, for which contemporary economic thought in England would probably substitute the phrase "advancement of the interests of the haves at the expense of those of the have-nots."

interest at which loanable capital is obtainable. A demand for gold, no doubt, at first influences the bank rate, but the higher discount will react injuriously on trade, and prices will decline. This will in its turn diminish the demand for accommodation, and the bank rate will fall again after prices have adjusted themselves permanently on a lower level. In short, though gold is scarce, trade may be said to have become scarcer. This would account for the fact which during the last few years has been frequently noticed by bankers—a high bank rate and a paucity of bills. If ever a Royal Commission should be appointed to enquire into the state of trade, I think that this whole question should form one of the chief subjects of their enquiry. For myself, I beg to submit these views with great diffidence, well knowing that we are treading here on the most difficult and most disputed ground of the economic science. But what gives me a little more confidence is the utter inadequacy of the only alternative explanation thus far forthcoming for the depression of trade—that of overproduction. The authority for this view is again the *Economist*, which in its issue of the 21st ultimo, summarises this argument by saying that “the productive capacity has outstripped the growth of population.” If this is true, the remedy would be an increase of population, a remedy which, however simple, few, I think, will be prepared to adopt. For side by side with the boasted overproduction we find large masses greatly under-supplied. Slack trade has deprived them of some of their former means of consumption. The contraction of the currency has retarded the velocity of the wheels of commerce. This constitutes England’s interest in the silver problem.

We have passed under review, I hope, the principal facts which bear upon the position and the future of silver. There remains only to draw the conclusions from the foregoing statements. Before doing so let me thank you for having listened to me so patiently on a subject which, though of momentous importance, is, I am only too conscious, very uninviting.

The facts we have found are as follows : Attempts are being made by all the great nations of the world to discard silver, but so far the difficulties of this task have been too great, and in no case has, as yet, the attempt been successful. Gradually the dangers of the anti-silver policy are being understood. Through all the centuries of the history of mankind silver has been money, and the results of this world-long connection are so manifold and far-reaching that the fashion of the last decade has tried in vain to obliterate them. In fact, the past of silver insures its future. The systems of limping standards cannot endure. Sooner or later a decision will have to be come to between discarding silver altogether or reinstating it in its old position. Once before these two alternatives, the choice, I venture to think, will not be doubtful. The interests inseparable from silver will turn the decision in its favour. The question in what manner the white metal could be re-admitted to its former useful functions does not enter into

before these two alternatives, the choice, I venture to think, will not be doubtful. The interests inseparable from silver will turn the decision in its favour. The question in what manner the white metal could be re-admitted to its former useful functions does not enter into the scope of this paper. The conclusion that interests us is that one day silver will be able to reassert its old position, that its future is secure. Till this time comes silver will not be entirely forsaken; for, meanwhile, it will continue to be the currency and the monetary basis of the commercial transactions of the untold millions of the East; as heretofore, it will remain the standard metal of our Indian Empire. This alone will suffice to protect it against sudden and serious depreciation.

DISCUSSION ON MR. SCHMIDT'S PAPER.

The PRESIDENT (after announcing that letters regretting their inability to attend had been received from Mr. H. H. Gibbs, Mr. Grenfell, and The Rt. Hon. Geo. G. Goschen) said: I am sure we must all be very much obliged to Mr. Schmidt for the interesting paper he has given us, and I hope we may have comments on it from all points of view, especially as I see gentlemen here who are well known for the interest they take in the question. I should like to ask Mr. Schmidt, when he replies, if he can give us any further reasons in support of his statement that "the production of silver is even and very unlike that of gold which is fitful and uncertain." I do not know whether he will be able to support that statement by any known facts. I think, if we consider some of the discoveries that were made in the great mining centres of America, that they were very fitful. I should also venture to hope Mr. Schmidt may be wrong as to the industrial consumption of silver, which is a very important point. As you are aware the attention of the House of Commons and the Legislature has constantly been called to the efforts to give an impetus to the manufacture of silver by taking the duty off plate, a duty which everybody admits is one that should be entirely removed, and I think would be removed, were it not for the difficulties of the Chancellor of the Exchequer to provide means for the drawback. I cannot think that these difficulties are insuperable, and I hope some means will be found to meet the exigencies of the case fairly, and to remove the duty on silver plate, so that we might come to what is possibly free trade in silver. It seems to me that silver is such a beautiful material for working, that it would be very desirable to get it employed in the arts more than it is, and it would ensure a certain amount of consumption which would certainly benefit trade generally. I think that not only in that of banking, but in the general interest of the community, anything that could be done to increase the consumption of silver in a mercantile sense, as apart from

the sense of its being used as a circulating medium, would be to the advantage of all of us. I think Mr. Schmidt has put before us very clearly the position of this question of Europe and America, and has shown that it is of very great importance. Of course Mr. Schmidt is, as he evidently is aware, touching on very delicate ground when he alludes to the appreciation of gold affecting the prices of commodities, and the difference between the cheapness as referred to the production and cost price of an article, and the difference between the value of certain materials and the value of gold. That is a question which has been discussed in this room from different points of view. The question of the Indian market for silver, and the question of silver generally in India, is one about which we hope to hear from specialists on the subject. I venture to think that Mr. Schmidt's paper will be one that will be always read with interest in the pages of our *Journal*.

Mr. ALEX. DEL MAR (late Director of the Bureau of Statistics, U.S.A.) said : The Bland Act has been referred to. I may say that it was I who originally drew the Bill which resulted in the Bland Act. Nevertheless, if, as the Finance Minister of some great country, it became my duty to devise a system of metallic money, I should prefer that money to be made entirely of gold, provided I felt assured of being able to command ample supplies of that metal. The reason for the part I took in the proceedings of the United States Monetary Commission of 1876, was that I believed, and still believe, that the supplies of gold are not sufficient for the coinage purposes of an important nation. My profession of mining engineer has afforded me opportunities of personally examining all the principal mining districts of the world, and of becoming acquainted with the conditions which, in each one, control the production of gold and silver. In view of that experience, I have no hesitation in saying that the present and prospective supplies of gold are inadequate to maintain the existing level of the prices of commodities in the European world. It is true that any quantity of gold, however small, will suffice for the monetary system of a country, if no regard is paid to maintaining a given level of prices. But I am of opinion that nations have too great a stake in maintaining the present level of prices, affecting, as they do, the relations of vast classes of mankind, to be willing to see it lowered very materially, merely for the sake of sticking to one particular kind of money metal. Such being the case, rather than witness a fall of prices in consequence of the threatening scarcity of gold, I believed in restoring silver to the coinage ; and this is why I promoted that movement and took part in those measures which resulted in the Bland Act. I have listened to the reading of Mr. Schmidt's paper with great pleasure. It is admirably drawn, and evinces a high order of ability on the part of the author ; but if he had lived as long in the United States as I have done, he would not have ascribed to all of its legislation, those far-seeing, national or patriotic motives to which he has seen fit to

impute it. The history of our recent monetary measures will bear me out in this view. From the foundation of the American Government to the year 1873, anybody could deposit either gold or silver bullion at the mints, and receive for it gold or silver coins, without any charge for coinage, or without the loss of a single grain of his bullion. In other words, we always afforded unlimited and gratuitous coinage to both gold and silver, and nobody ever doubted the wisdom or propriety of this measure. Upon the breaking out of the civil war in 1861, the Government, unable to command sufficient coined money wherewith to defray its greatly augmented expenses, had recourse to that expedient which England adopted upon a like emergency from 1797 to 1821; it issued inconvertible paper notes for money, and this to such an extent that coins rose to a premium and disappeared from circulation. During this interval which, in America, lasted from 1861 to 1879, the entire business of the country (except in the remote and sparsely populated State of California, and the adjacent mining regions), was done with paper money. We conducted a war in which over a million of troops were engaged, and six thousand millions of dollars expended, and we terminated it successfully, without using coins; and these had become so rare that they were looked upon as curiosities, and no longer as money. In 1873—when the people had forgotten all about coins, and had relaxed their customary watchfulness concerning the mint laws—in 1873, one little man, who had determined in his own little mind, from what motives I know not, that the long-time monetary laws of the Union should be changed, proceeded to change them by blotting out a word from the law. He induced the Director of the Mint, a gentleman quite innocent of any knowledge of monetary history, to draw up a codified mint law to supersede the numerous existing laws on the subject, and to offer the same to Congress. The code was accepted and passed by Congress without any suspicion on its part, and without any notice to the people that it involved an important change, or, indeed, that it involved any change at all in the law. But it did. By surreptitiously omitting the word “dollar” in the list of silver coins which the mint was authorised to coin, upon the application of holders of bullion, it foully degraded and demonetised that coin, the only silver coin previously open to unlimited and gratuitous coinage. It did not demonetise the outstanding silver dollars. They remained as before, legal tenders to any amount. But it omitted to provide for the coinage of any more of them; and so, substantially, demonetised silver, and destroyed the double standard of America. In the following year, when this garbled mint law was incorporated in the revised statutes of the United States, it was still further garbled by surreptitiously degrading the legal tender function of the outstanding silver dollars to five dollars in any one payment. Its demonetisation was thus completed. These acts were not those of the American nation; they were not those of American statesmen,

the people had no knowledge of them, their rulers had no voice in them. They were done by intrigue—an intrigue which I more than fear had its origin on this side of the ocean. No suspicion of what had been done, no discovery of the momentous change that had been thus secretly and treacherously effected, took place until 1875, when I made the discovery of it myself. Having discovered the wrong I took immediate steps to set it right, and these steps resulted in an elaborate presentation of the subject to the public, the formation of the Monetary Commission, and, eventually, in the passage of the Bland Act. So much for that. Mr. Schmidt has referred to the interests of the silver party in America. Let me assure you that there was no such party. The reform, the restoration, that we succeeded in bringing about, was not the act of the silver miners; it was the act of the people, who care nothing about silver metal nor its producers, but who do care that our laws shall not be tampered with, who love fair play, and are opposed to any unnecessary contraction of the currency. As a proof of this assertion I will state that during our attempts to remonetise the silver dollar we naturally looked for sympathy and moral support from the great silver producing companies of Nevada and the newspaper press which they influenced; but we wholly failed to get it. The fact was, as I afterwards learnt when I went to Nevada on behalf of the Monetary Commission to enquire into the probable future production of silver, and to examine the great Comstock mines, the fact was that the silver men knew little and cared less about the monetary relations of silver. Their interests were not so much in silver as in the mining share market, and they never moved a finger or spent a penny to help silver. There is now a silver party in America; but so far was it from having any influence in forwarding the recommendations of the Monetary Commission, that its very existence is due to that Commission. It had no existence whatever before that time. It has grown up since; nor is its strength among miners or mining companies. Miners do not care whether silver is worth five shillings or four shillings an ounce in gold, so long as they can find enough of it. It is quantity they look for, not quality. Moreover they are exceedingly few in numbers and separated from one another by immense distances. The strength of the silver party is with the people, with the mechanics of the Middle States, the planters of the South, the yeomanry of the Great West, not with the miners. The Bland Act was a compromise measure. When we of the Monetary Commission proposed to restore the law to its former integrity, we met with unexpected resistance. All those specious arguments of the monometallic school with which you are so familiar here were brought against us, and so little did the people at that time see in the subject, that when our adversaries offered to accept our bill if we would consent to allow the Government to buy silver and coin full legal tender dollars out of it, we were regarded by the public as being unreasonable to demand anything more! However,

Mr. Bland closed with the enemy, upon the condition which he made, that the Government should not coin less than two million dollars a month; and thus the matter ended. The bill as thus doubly amended, gave us far less than we had every right to demand, but it was a step in the right direction, and we hoped and still hope, that when the people come to fully understand the question, Congress will restore silver to the position it occupied previous to 1873, and thus restore it to free coinage. Let me return to the point whence I started. If I was asked to devise a commodity or "intrinsic" system of money I should prefer to make the symbols of some one material rather than of two or more. It is simpler and more open to the comprehension of such of my countrymen as David A. Wells, Clarkson Potter, Edward Atkinson and others who "regulate" the Eastern members of our Federal Congress. But if I found that the new supplies of the chosen metal were inadequate to maintain the volume of money, or that some other nation or nations held virtual control of it, or that speculators or intriguants could monopolise it, then I should add some other material to it, so as to make the basis larger and less amenable to such control. I maintain that the present supplies of gold are inadequate. Every nation should be a law to itself on the subject of money, and therefore I neither ask for nor offer advice on this subject. But there may be points of agreement in national policies, and the supplementing of gold with silver is one to which in my opinion the necessities of the case will drive both England and America. In 1852 the gold product of the world was nearly £40,000,000; the annual supplies have now fallen to £15,000,000. In a word the placers of California and Australia are exhausted. As for washing them by the hydraulic jet, the Courts of our State have wisely forbidden it; and I fancy that other States and nations will not be long in following this example. Hills have been levelled with plains; valleys have been filled up 150 feet in height; navigable rivers have been clogged for hundreds of miles; in brief, a considerable area in California has been so disfigured and ruined by the terrible engine of destruction, known as the hydraulic "giant," that no lapse of time, nor change of circumstances, can restore the land to its former conditions. Therefore no increase of the gold product is to be expected from California. Australia lacks water, and the surface of the gold regions is too flat for hydraulic sluices. There can be no increase of the gold supplies from that source; the recent "strike" in Queensland to the contrary notwithstanding. In Brazil the placers of Minas Geraes and Goyaz have been washed down to flats. There is gold there, but it cannot be got out. It is the same with Spain and the Coast of Africa. I have been in all these countries, and know what I am talking about. In Russia the placers are not suitable for the hydraulic pipe, and the Government has placed restrictions upon its use. As for the Transvaal, it was exploited 300 years ago by a great

mining expedition, which sailed from Lisbon, under Francisco Barreto, Viceroy of India. There's nothing there; nor is there anything in the interior of Africa, the Arab merchants having roamed all over it, and ransacked it for gold, for upwards of ten centuries. As for the prospectuses of mining companies and their references to the wealth of Solomon, the Queen of Sheba, the revenues of Rome, etc., these are mere catchpennies. You may depend upon it that the old countries of the world contain no "pay-gold." If they did the natives would soon work it out; and neither law nor military force could stop them. To resume: California, which used to produce £15,000,000 worth of gold a year, now produces only £3,000,000. Australia, formerly £20,000,000, now £3,500,000; whilst Russia remains steady at about £5,000,000. As for the other countries of the world—notwithstanding a few rich mines here and there—they are not worth considering in this connection. Outside of California the United States produce more gold than within it. The total annual product of the world is about £16,000,000, with a diminishing tendency. On the other hand the population of the European world is 425,000,000, with an increasing tendency, and this tendency also represents the development of commerce and exchanges. Is this vast world to wait, is this vast development to pause, until somebody discovers a new gold placer in Greenland or the Antarctic circle? As for quartz mines, the supplies from them have never been and never can be important. Is the European world expected to submit to a decline of prices rather than abandon monometallic money? Shall the poor be made poorer, and the rich richer, rather than make coins of silver? I fancy not. Something has got to "bust." If the monetisation of silver is denied, there will be an extension of paper money, either of rotten shill-plasters, like the American "State-bank," and falsely termed "convertible" notes of the period 1815–1857, or of inconvertible bank notes like yours of 1797–1821, or irredeemable notes like our greenbacks. All right-minded men—no matter what their abstract theories may be—should consider this subject very carefully before they commit themselves to one side or the other. There is much in it: there is commercial depression, there is social distress, there is popular discontent and commotion in it. One word as to the ratio. The ratio in the United States is 16 for 1, and is derived from the Spanish mint law of 1680, and the Spanish American mint laws based upon it. The ratio in European countries is $15\frac{1}{2}$ for 1, and is derived from the edict of Calonne about 1780. I do not deem it material to attempt to reconcile these ratios. One is quite as good as the other. They lived peaceably side by side for upwards of a century: they will live again. It is merely putting off the time for the re-monetisation, of silver if we consent to wait for any international adjustment of the ratio. So far as the United States are concerned, I very seriously question the power of the Federal Government to enter upon such a convention. To agree with foreign nations upon a uniform ratio of

value between the coinage metals would be to place our monetary system under foreign control, and I greatly mistake the temper of my countrymen if they would consent to any such arrangement as that. I have done. I thank you for the privilege you have accorded me, and the interest with which you have listened. In theory, I should prefer to make coins of one metal rather than of two or more; in practice—and taking into consideration the falling-off of the annual supplies of both gold and silver, and the fact that Russia, Austria, Brazil, Buenos Ayres, Japan, and many other important countries have indefinitely suspended the use of coins—I am confident that it would be wiser for both England and America to re-monetise silver. It will not only avert disaster, it may lend that support to trade, manufactures, and agricultural production which now seems so needful, and without which the coming years seem so full of mournful forebodings.

Mr. PAUL F. TIDMAN: I cannot, Sir, help congratulating the Institute on the progress that is being made in the consideration of this all-important question. It is just a year ago that a paper was read here by Mr. Goschen, whose absence to-night we all so much regret, and Mr. Schmidt's able address seems to follow naturally upon Mr. Goschen's—in fact, to be a corollary to it. It is written in the light of events that have occurred in the interim, and which are additional proof of the soundness of Mr. Goschen's conclusions, that the general fall in prices has for its underlying cause the appreciation, or in other words, the increasing scarcity of gold. Mr. Del Mar has laid none too great stress on the necessity for a sufficiency of metallic currency in proportion to an ever-expanding commerce, if stability of values is to be preserved. Now, when it is remembered that the combined production of gold and silver is no greater than it was thirty years ago, and that the commerce of the world has been rapidly expanding, the position is surely one for very grave consideration, and not one in which it is wise to throw words of scorn and reproach at one another, because we may not as yet be able to come to a common conclusion upon it. It would appear that as regards gold the amount now in circulation per head of the populations using it, is roughly one-half of what it was, and I see no escape from the *a priori* conclusion that values of commodities as measured in gold, must have declined in some proportion to the contraction of the standard upon which they are based. When we look at the facts we find them bearing out this theoretical conclusion, and to the figures supplied by Mr. Goschen last year must now be added others even more significant. It is true that other explanations of the phenomenon are suggested—the fall in prices is ascribed by some to the submarine cables, by others to increased facilities for intercommunication. It has been insisted too that adequate cause for the fall exists in bad harvests, and now that we have had two fair harvests and one good one, the sun spots are brought out again as the occult cause of

disastrously bad trade. Thus it is that incidental and transitory causes are occupying many minds to the exclusion of what is a deeper and a permanent cause. It is doubtless true that the opening of the Canal, the increase of telegraph lines, have tended to equalise prices all over the world, but these influences have now been at work many years, and the markets have become accustomed to them, and they do not account for the fact that to-day is perpetually shewing a fall in values from yesterday. An important aspect of the question was touched on by Mr. Giffen last year—that of the effect on wages from a continuous fall in values. There are two reasons why wages should not experience this effect till a fall in commodities has become permanent. One is, that a certain amount of the labour of the country is governed by sentimental rather than by economic considerations, and another is, that the impression has been gaining strength, that as a rule, labour has not been accorded its fair share in profits. But it is obvious that wages have already begun to be affected. Gentlemen familiar with the great industrial centres of the country must be aware that some reduction in wages is felt to be a necessity where it has not already been enforced, and the artisans themselves are beginning to look the necessity fairly in the face. In more than one place, notably at Blackburn, the working men have begun to study and discuss the “silver question,” and are asking how far a contracted currency and an appreciated standard are affecting their interests. If we be right in believing that the appreciation of gold is acting injuriously on trade and industry, are we so hopelessly at fault, as some of our friends tell us we are, when we insist upon it, that silver, which for centuries has done its fair share of work in the world's currency, should be retained in use and not discarded, because for the moment the production of it has largely increased. No one that I am aware of has ever extenuated the injustice committed at the beginning of this century when, unknown to the people, and almost in the dark, an Act was passed which deprived the nation of its right to the free mintage of silver, and I submit that the time has come when a re-consideration of the question is demanded in the interests of all workers and producers. Mighty changes have occurred in the last sixty years—changes political, social and industrial. England can no longer isolate herself from the rest of the world. She has become one of a great group of rivals in production and manufacture, and she must not be handicapped in the race if she is to hold her own. Mr. Schmidt has viewed the silver question as it affects India, and this is a very important phase of it. The fall in silver has been of benefit to the Eastern portion of our empire. It has exercised there a similar fertilising effect to what Europe enjoyed after the great gold discoveries, and the consequent depreciation of the gold standard to such a point, as caused some contracts to be made stipulating for payment in silver. The depreciation of silver is the cause of that over-production in produce from silver-using countries, which, instead

of being treated as an effect of the fall in silver, is regarded by some economists as the primary cause of the decline in prices of commodities. But more than this, and I ask special attention to this point, the depreciation of silver is acting in India as a protective duty against English manufactures. The maker of yarn and cloth in Bombay can now successfully compete, and is competing, with Lancashire spinners and weavers for internal consumption and for shipment to China. The Indian Government, too, are seeking to supply the materials for the army in India, in place of, as heretofore, employing the labour of this country, because it is obviously cheaper at present to pay in silver than in gold, and I am told that there is now at Cawnpore an establishment where the whole stock of boots for the army are made. I am not objecting to the Indian Government resorting to the cheapest market; but I would point out that this cheapest market has not been created naturally in India, but is being artificially built up at the expense of this country, on the basis of what is equivalent to protective duties. I have every desire to see the prosperity of India, but I deprecate most strongly this novel form of injustice which sacrifices one portion of the empire to the other. The calmness with which such a condition of affairs is viewed by the *Economist* astonishes me. It contemplates with equanimity the fall of the rupee to one shilling, and confuses the issue by asserting that when the new base is reached, trade will go on exactly as before. We shall all agree in that platitude if the fall to one shilling were to be final; but we must look at the whole truth, not a portion of it. The fall from two shillings to one shilling means the doubling of the annual tribute paid by India to this country. It means the loss to the people of India of one-half the value of their enormous stock of silver, the moment they want it for purposes of foreign exchange; and it would, I believe, involve the temporary ruin of thousands, nay, hundreds of thousands, of innocent persons who are to be sacrificed to a chimera. Besides, the *Economist* should explain why, when the rupee has fallen in value to one shilling, it should stop there, and what is to save us from a repetition of chaos. If such disasters fall upon England they will, I believe, arise from our inability to see that economic science must take cognizance of altered conditions. In view of those changed conditions every great nation in the civilized world is ready to accept the situation and to come to a common agreement on the silver question. I believe that such an agreement would be for the benefit of this country, even more than of any other, and it would promote the general prosperity of the world.

Mr. T. J. ZORN: I have had the advantage to-night of listening to two gentlemen, one from America, where I have visited some of the mining districts he has described to us; and to the other gentleman from India. I have been in India too, and have either benefited or lost according to transactions I had in those countries by the question

of currency. In California as assignee of an estate, in which there were several thousand shares in mining property concerned, I had to go minutely into the question of the cost of mining, and I have learned there a lesson which I believe contains the kernel of this question, and of all questions of currency—that is that *it costs a dollar to get a dollar*. And the dollar which it costs to get that dollar must first be laid out in the shape of wages, of food, material and machinery by which the dollar of gold or the dollar of silver is to be brought into that perfect state in which we can handle it, when it passes from hand to hand. Many of the mines in California, and I believe elsewhere, have been abandoned when the proprietors find it does not pay them to lay out money for bringing gold and silver to the surface, and that to a great extent diminishes the whole amount of the precious metals available in the world. That I believe has also greatly had to do with the contraction of gold currency. We have already the standard which we hear and read so much about, and that is one existing in nature. In spite of all we can say or do the relative quantities of gold and silver once brought to the surface will establish also their relative values so far as the currency is concerned. You cannot alter that, because it comes back to this fundamental rule, “it costs a dollar to get a dollar.” I have been a great deal comforted by one sentence in the paper, which I believe will be supported by everyone who has a commercial mind, and we are discussing this from a commercial stand-point. Mr. Schmidt says correctly: “The final decision will be dictated by interest not by sentiment.” We are bound to discuss this question in order to convince each other either of the truth or the fallacy of our views. I rejoice to see this question is so thoroughly discussed now, because it is in the interest of the whole human race to come to a lasting settlement about it. So far as I have had any experience in Egypt, where I lived for a couple of years and which has no mines, and consequently no “vested interests” in that direction, I found the money dealers go upon the old rule, that all kinds of coin pass for their relative fineness of silver or gold. If you take an ounce of gold as the standard, generally admitted for convenience, you will find it contains so many grains. Now according to the number of grains contained in each coin so is its relative value to other coins; just as according to the cost of production the relative values of other produce, whether agricultural or manufacture, ever regulate themselves. I have no fear of gold being displaced again by nations who, like Germany and Italy, have adopted the same standard as prevails in this country and in the United States. If I have rightly understood the law as it stands there, we have only one measure and that is gold itself. I have found that the Arabs, whether in Zanzibar or in the Soudan, do not take the rupee or any other coin because it is called by such a name, but simply according to its contents of silver. And so in India. When I was out there first the sovereign passed for ten rupees simply because its then value was at about par with

silver. In our various exchanges between different places in Europe we always go back to the gold par, and arbitrage is simply determined by what profit the banker can make from drafts or remittances between different places, owing to the variations of the hour from the gold par.

MR. LESLEY C. PROBYN: I am here as a guest this evening, and I must commence by saying that I have listened to the paper read by Mr. Schmidt with a very great deal of interest. It really says almost everything that can be said as to the inconvenience and the injury to the commerce of the world that have been caused by the unfortunate demonetisation of silver; so I have nothing more to say on that. But I should like, if you will allow me, to put forward very briefly my own views as to the remedy which should be adopted for giving silver more to do than it has at present. I do not think those views have been put before the Institute, and I hope you will pardon me for doing so now. I am not a bi-metallist myself. I think silver can be used with gold without resorting to bi-metallism. Now there are two uses to which I can see silver may be put. In the first place, as suggested by Mr. Martin, I do not quite agree with Mr. Schmidt that silver is used as much in the arts as it might be. Manufactured silver at present bears a tax of something like 30 per cent., and I say that tax is almost enough to kill anything. Practically it has interfered greatly with the manufacture of silver. I have been a long time in India, and I know the heavy duty that Indian manufactured silver goods have to pay in coming to England is very much felt. I think it would have some effect in giving additional value to silver if there was no duty. In regard to using silver as money I think the great mistake which has been made has been in not carrying out what I conceive was Lord Liverpool's idea when he started our present system of coinage. Lord Liverpool, in that letter to the King which has become so famous, and which is so often quoted, particularly by people who are opposed to bi-metallism—Lord Liverpool said, "Where the functions of the gold coins as a measure of property ceases, there that of the silver coins should begin," and I think we should carry that point before us in all we do. If we examine the coinage of the world, I have no doubt we shall find that a very great amount of our gold is—I will not say wasted—but uselessly employed as a subsidiary coinage. Now, we know that Germany the other day when she demonetised silver coined 24 millions sterling of gold coin smaller than the 20 mark piece. I ask you in this Institute what would have been the effect if Germany instead of coining this 24 millions sterling of small gold pieces had left that gold without coining it? Then, again, as you must all know, in France a considerable amount of gold is used in those small 5 franc and 10 franc pieces. To me it seems that that gold is wasted. In England—I know that I am touching delicate ground—

the best estimates say that 20 millions sterling of our gold currency consists of half-sovereigns. I suppose I am not overstating the mark when I say that 100 millions of the currency of the world consists of gold coins of not more than 10s. each. I ask is that not a waste of the more valuable metal? It seems to me if one had to make a new currency one would give to gold the more difficult metal to get, and to silver the easier to get, and the more abundant metal, separate duties. The proper duty of gold is for the larger payments, and of silver for the smaller payments; and it seems if by legislation this can be arranged—I will not say it will bring back to silver the position it held eight or ten years ago—but it will certainly improve its position very much.

Mr. JOHN B. MARTIN : At our last meeting we were discussing a Paper on what I may call the A B C of banking. To-night Mr. Schmidt has presented to us one of which he says that we are treading on the most difficult and the most disputed ground of the economical science. I am not sure that a month ago we proved quite to have mastered our alphabet; therefore I am not at all prepared to say, for myself at least, that I have mastered this most intricate subject which Mr. Schmidt lays before us. Let me call attention to a few facts of the case as to which there can be no dispute. We are face to face with an increase in the production of silver and a decrease in the production of gold. That accompanies an alleged appreciation of gold and an undoubted depreciation of silver. If I am right, Mr. Schmidt draws his figures from the Finance Report of the United States, and according to that the product of gold in 1874 was 22 millions sterling. It has now fallen to 19 millions. The production of silver was then 16 millions, and it is now increased to 23 millions. That estimate is considerably in excess of the amount stated by Mr. Del Mar. We have another undoubted fact, and that is, that silver has been demonetised by the Latin Union and it has been remonetised by the United States. When I speak of demonetisation on the part of the Latin Union I mean that the circumstances were too strong for the nations that compose it. They could not maintain their silver coinage without losing their gold reserve. The reason for the remonetisation of silver by the United States has been fully explained to us by Mr. Del Mar, and his account certainly had some features of novelty to his hearers. I thought that the coinage of silver was in the interests of the silver producer. At any rate, it is for the interest of silver holders that it should be maintained, and it is maintained, as you are aware, by the Act which enforces that not less than 2 millions of silver dollars per month shall be coined. Those have been faithfully coined, as I lately had the pleasure of seeing for myself in the sub-treasury in New York. It is a very imposing sight, but it represented to me an immense waste of power, because not only are these millions of silver dollars coined, but the States are put to the subsequent expense of printing bank-notes to do

duty which those dollars do not perform, and the consequence is the paper circulation of the country has been increased. The country has hitherto borne it and is apparently able to absorb the paper currency so far as it has gone at present. But the danger which is felt by the banking interest—and I take it the banking interest do not merely represent their own selfish views,—the reason why they are opposed to the maintenance of this useless coinage is they fear that, by this continual increase of paper circulation, the interests of the country will be seriously damaged. Prices in the United States are now on a gold basis, and they are so maintained in spite of the circulation of the silver certificates which are only worth 85 cents to the dollar. Mr. Del Mar says each country is a law to itself. He is perfectly justified. If the United States choose to have an unlimited volume of paper circulation let them have it, but let them abandon the attempt to maintain their gold reserve, let them be prepared for an adjustment which must take place,—an adjustment to the level of 85 cents per dollar. The disturbance that this will cause in the country it is difficult to estimate; but when, according to the calculations of a most eminent authority who, though he hails from Boston, is not a banker, the total consumption of articles of food and clothing in the United States is \$6,500,000,000, you will see that the production of silver is, as he says, a mere fly-speck in the scale. Prices will rise to that extent while wages will probably fall. Will not that be a serious matter to the United States? Then we have the question of India, whose interests are so closely bound up in the silver question. Mr. Schmidt seems to me to put it in this way—maintain the Bland Act, continue your silver coinage, keep up the value of the silver thereby, and you will enhance the agricultural interest and, therefore, the interest of the whole of the United States. But on the other hand he tells us if you break down the price of silver you will have increased production and export from, and therefore increased prosperity in, India. I do not know whether this theory will commend itself to the British farmer; when he sees wheat fall from 40s. to 32s. it will not console him to be told that he is thus encouraged to produce one-fourth more wheat in order to pay his rent and to give him his previous profit. How far you are to carry this I do not know. I will not go into any of the many questions that arise out of this paper, further than that I should like to know how it is that on page 200 Mr. Schmidt maintains that “the appreciated currency will stimulate imports and prevent exports; manufactures will decline, employment become scarce, and labour lose through enforced idleness.” It is a question on which a whole theme might be written and one I will not enter upon now; but when Mr. Schmidt tells us as the result of his enquiries that silver will resume ultimately its previous value I must point out to him that the ratio of silver to gold has been, apart from temporary fluctuations, consistently

declining. There is a table in a book which is one of those wanted for the shelves of our library (Ruding's "Annals of the Coinage," Vol. II), which shows how it has fallen in England during the last 600 years. Therefore whatever may be the powers of production of the earth either of gold or silver, whether there may possibly be new Californian or Australian mines in the future or no, I cannot believe that any interference with the freedom of the markets will be of any service to the community. I do not think by any legislation in favour of silver or gold you can prevent silver or gold from being what they are in my mind—simply articles of merchandise.

Mr. CRICKMAY: In the remarks I am privileged to make I shall be excused I am sure for taking a thoroughly English view of the subject under discussion. The tendency of this Paper seems to me to render this country as somewhat too suppliant towards other nations, and puts us in the paradoxical position of entreating them to discard a gold currency just taken to in imitation of our long sustained policy, and to adopt that particular system which down to recent years was looked upon in this country as completely heterodox. How has the supposed need for this been brought about? I say by the enormous change in the pace of our trade relations with the world, which has taken place in the last ten or fifteen years. The discussion has, as I expected, turned upon "gold appreciation," which, I presume, is accepted as the converse of silver depreciation. The question naturally arises, how has that appreciation of gold arisen in this country, and to what is it due? In our old system, down to 1870, there is no doubt that we did enjoy what may be called a commercial and manufacturing supremacy. All the nations of the world came to us. Fifteen or twenty years ago all the other nations of the world were, commercially, mere pigmies. Now, what a change has come over them. With regard to the question of gold in those days a change in the rate of a half or one per cent. brought gold from all parts. But, now, as in last October and November, the rate was 2, 3, 4 and 5 per cent. in London within a month, and gold from abroad has only just begun to respond. A mighty change in the course of events. To what is it owing? I read the announcement the other day by the Workmen's Peace Society that they had forced the Government to fight in Egypt with one hand. That exactly describes the evils we are suffering from. Now just look at the exports for 1881, 1882 and 1883, and compare them with a period of fair commercial transactions, viz., 1868, 1869, 1870. In the later period the difference between imports and exports was £100,000,000, £107,000,000, and £120,000,000, an annual average of £110,000,000. In the earlier period the difference was, £66,000,000, £58,000,000, and £59,000,000, or an average of £61,000,000. That is an increased balance of trade of £60,000,000 in favour of other countries. We are additionally debtors by that amount. The tendency to-day is to encourage an uninterrupted in

flow of foreign produce. Foreign countries are conducting their commerce on a system exactly contrary to ours. It is based on self-preservation, which is the first law of nature. They are looking after their exports and allowing their imports to take care of themselves, whereas we look after our imports and let the exports take care of themselves; and if that annual £100,000,000 of difference is increasing and accumulating, I ask where it is to stop? The cure for it is first to revert more or less to our so-called antiquated practice. There was in older days more soundness of trade, more assured prosperity, and more satisfaction to ourselves than at present; and I cannot help thinking that the old commercial system was built up on principles of practical common sense and experience, and that if we reverted to some such satisfactory basis once again, and dealt less in chimeras, theories, and fads, we could yet fight successfully the commercial world. Could we but summon courage to face facts it would not be a question of dealing with silver, but of taking means to check the freedom of foreigners to pour in upon us such enormous and ever-increasing products of their labour, by which our labour is being more and more seriously displaced.

Mr. GWYTHER: The aspect in which I have studied this question was largely the cause of my conversion to bi-metallism. I heard a great deal, as I was bound to do, about its effect upon India's prosperity. I considered the subject from a national point of view in this wise. Unless John Bull can see that he would personally benefit by bi-metallism he will never be converted. It is no use telling him that India will export so much more corn and cotton because they get silver cheaper. He will say "What advantage is it to me?" There is only one aspect of the case that I am going to speak about and it is this. Of the export of English manufactures to the various parts of the world, I find, speaking broadly, about half go to silver-using countries. If silver were to become more and more demonetised, and if we trusted to its being only used as a precious metal by what are called barbarous or semi-barbarous countries, the alternations in the price would be so intense and so intolerable as to cause our manufacturers, especially in Lancashire, to become disheartened and more and more indisposed to make shipments; they would find through violent fluctuations that their ventures were made on an increasingly insecure basis, and the consequence would be that they would more and more give up the business. Now that seems to me the most important point, looking at it from John Bull's standpoint; and I think every one will acknowledge that the more we demonetise silver in civilised countries the more will be the tendency to degrade silver until it becomes nearly equal to other metals, and therefore the more difficult to sell our manufactures to countries that still employ it as the standard of value.

Mr. HANSARD: I should like to make one or two comments on that part of Mr. Schmidt's paper that deals with the present con-

dition of trade and the appreciation of gold. The main subject of the paper, the future of silver, has been so ably discussed by several gentlemen, that, as the hour is rather late, I will confine my remarks to the part I have mentioned. In referring to the prosperity of England between 1851 and 1875 on page 200 of this paper, Mr. Schmidt alludes to the extension of railways as one of the causes of that prosperity, and goes on to say that all these causes continue at work with the exception of the large increase in the production of gold. As regards the railways, I hardly think that the development of the railway system which took place in this country between the periods he mentions, does continue at the same rate. Between 1851 and the end of 1874 the mileage added to the railways was 9,558 miles, giving for the 23 years an average of 415 miles per annum; whilst from 1875 to the end of 1883 the mileage added was 2,220 miles, or an average for the 9 years of 246 miles only, as compared with the 415. And though the production of gold is not at the same rate as formerly, I may remind him that owing to the development of telegraphic and steam communication, there is more rapidity in ordering and transmitting gold as a commodity in the settlement of the foreign exchanges, thus rendering the present stock more efficient than formerly. As for our own gold coinage, there is at present more than we well know what to do with, and it is only a burden to the bankers, who are obliged to resort to all sorts of expedients to get rid of it, as from its light condition it cannot be paid to the Bank of England. Mr. Schmidt states on page 200 that "the appreciation of gold is a serious evil." Now, I think, before we can admit that, we must first determine what is the actual cause of the appreciation; and as to its cause, I venture to differ from Mr. Schmidt. In a paper which I had the honour to read before this Institute at the end of last year, I arrived at a different conclusion. I endeavoured to prove by statistics and facts that the ratio of the increase in the supply of commodities had, during the last ten years, increased in a greater ratio than the increase of population. On page 201 Mr. Schmidt gives a quotation from the *Economist* of the 21st February, which is the whole gist and purport of my paper, namely, "the productive capacity has outstripped the growth of population." If we admit that, and I have not yet seen my statistics controverted, it certainly shows that, putting the gold question on one side, prices must inevitably have fallen. That prices have generally fallen, and that in consequence gold is appreciated, is admitted. Amongst the evil results of this appreciation, Mr. Schmidt says that capital loses the opportunity of productive employment. No doubt that is the case whilst the fall is taking place; but in course of time a certain level is reached, beyond which no further fall can take place, and then trade becomes profitable again. He also states as an evil, "that appreciated currency will stimulate imports and prevent exports." But is this so? When prices have fallen to a certain level, it seems to me the imports

will naturally stop, because the importer or producer abroad will not be able to send commodities here at a profit; and I think there are some in this room who will admit that there are signs that such a level has been reached. As regards the want of employment for the labouring class, there is no doubt some scarcity of employment in certain parts of the country; but we have passed through periods of as marked depression in prices, with a far more extensive disturbance of the labour market, and a greater dearth of employment. As a significant fact regarding employment and wages, the number of paupers has steadily diminished since 1869, and that notwithstanding the increase of the population. In 1874 the number in England and Wales was 829,000, and last year they were 774,000 only. If wages remain the same the appreciation of gold is a distinct benefit for the wage-earning class, for the real reward is thereby increased; and it has not yet been proved that wages or salaries have on the whole fallen during the last few years. Mr. Schmidt, further on in his paper, says: "That there is no necessary permanent connection between the purchasing power of gold and the interest at which loanable capital is obtainable." I admit that is so, but the low rate of discount was alluded to in my paper as an additional argument, and that there had been no scarcity of gold in this country, and that as there was no scarcity the appreciation of gold arose from other causes. Mr. Schmidt also says on page 201 that gold being scarce has led to trade being scarcer, but I do not think that trade is so scarce. The volume of trade is still considerable, though it may not be so large as in the years 1872-4. Since 1874, when prices were much higher than now, the values of both our imports and exports have increased, and since 1879 markedly so. In 1874 the imports were £370,000,000, in 1879 £362,000,000, in 1883 £426,000,000. The exports were, 1874 £297,000,000, 1879 £248,000,000, and 1883 £305,000,000. Last year, allowing for the alteration in value, the imports, I believe, showed a slight decrease and the exports an increase. Then Mr. Schmidt alludes to the "fact which during the last few years has been frequently noticed by bankers, a high bank rate and a paucity of bills," and "that though gold is scarce trade is scarcer." I find that the average bank rate for the last ten years is, speaking roughly, about $3\frac{1}{4}$ per cent. I do not think that judging from the years preceding 1874, that is an exceptionally high rate, but the contrary. With regard to the paucity of bills we have heard a great deal of late, both in the newspapers and elsewhere; but there are a larger number of competitors for bills than formerly, and a very great increase in banking capital during the last few years. The clearing statistics for the 4ths of the month give the total for the year 1878 at 217,000,000, 1879 £213,000,000, 1882 £238,000,000, 1884 £242,000,000. In 1872-4 when prices were much higher than now the total of the 4ths of the month were £256,000,000, 1873 £272,000,000, and 1874 £265,000,000. I would also refer to the returns of the amount paid

for bill stamps during the last few years. The average amount since 1869 is about £980,000. The amounts during the excited and inflated periods of 1872 and 1874 were, 1872 £1,102,000, and in 1874 £1,044,000. In 1879 the amount paid was £859,000, 1880 £839,000, 1883 £889,000, 1884 £875,000. So that, judging from the trade, clearing-house, and stamp returns during the last few years, I cannot agree with Mr. Schmidt that either the volume of trade has much decreased, or the number of bills is so scarce as he would have us believe.

Mr. SCHMIDT (in reply) : I have already thanked you for the kind manner in which you have listened to my paper, and I have now to thank you for the indulgent manner in which you have criticised it. I was prepared for a much more severe reception, for I am well aware of the fact that the opinions I hold are not shared by the majority of the people of this country, and that the School of Economic thought, whose views on currency I adopt, is not represented in the text books of the English schools—books which have been written many years ago, and long before some of the questions now agitating society, political, financial, and social, had come to the front, and certainly long before the silver question ever existed, which is only since 1873. Therefore, I was prepared for a severe criticism, and have to thank you for the indulgent manner in which you have received my paper. A question was asked by your Chairman how I came to make the statement about the production of silver being more even than that of gold. I think Mr. Del Mar has given some of the reasons for this. The experience of the world is against assuming an even production of gold, and in favour of a more even production of silver; and even if experience did not prove it, there is the fact that gold is so heavy—specifically heavy—that it is most likely to exist largely only in the middle of the earth, where we can never get. This fact is against the supposition that we shall ever find it in any large quantities. It can only be had in places which have not yet been explored, and the quantity brought to this country is therefore decreasing from year to year, and that is likely to continue, as Mr. Del Mar has pointed out very lucidly from the point of view of a practical miner. Mr. Tidman has laid stress on the fact that a depreciated currency in India impedes imports and increases the exports of India; and inversely the appreciated currency of England will increase the imports into England, and decrease the exports. In spite of Mr. Hansard, I am prepared to re-state that fact, and ask you whether it is not likely that more wheat will come to London, even should prices fall here, if you can buy it 20 per cent. cheaper in India, owing to the depreciation of silver, than before? With regard to my statement that “though gold is scarce, trade may be said to have become scarcer,” I did not mean to say that trade is now absolutely scarce, but I think it is relatively scarcer than it used to be; and though some of the figures of Mr. Hansard may point to a different conclusion, I think if

you take everything into consideration—the decrease of the receipts of the railways for instance—you will find there is not the volume of trade going on internally and externally as there used to be in England. With regard to the appreciation of gold, I have already made the proviso that that is a most difficult subject, and I attempted to deal with it in a very diffident manner ; but with all due deference to Mr. Hansard, I say if prices have fallen, gold has appreciated, because a fall in prices means that with a smaller quantity of gold you can get a larger quantity of goods. This is what is meant by fall in prices ; and this is “appreciation of gold.” You may deny the fall in prices ; but if you admit that you must admit the appreciation of gold. The appreciation of gold may at first benefit the working classes, but they will not, I think, be able to retain this advantage very long, and already we hear hints every day of wages being lowered, and though salaries may not have been touched, I am sure they too will be affected in time. For in a social struggle the working classes are the weaker party, and likely therefore to suffer the most in the end. With regard to one more point alluded to by Mr. Hansard, he seems to have misunderstood the remark I made as to the paucity of bills and a high bank rate. I did not mean to say that the average bank rate has of late been higher than before. I meant that formerly the rate of money went up in consequence of a larger offer of bills, and that a high bank rate was therefore simultaneous with and consequent to increase in the number of discounts ; but now we have had a high bank rate, and yet no more bills. That was what I meant ; not that the average bank rate has been higher ; but that we have had the phenomenon of a high bank rate simultaneously with a smaller number of bills, which can, I think, be explained only through the scarcity of gold having something to do with it.

Mr. HANSARD : When did the high bank rate take place ?

Mr. SCHMIDT : We had it lately at 5 per cent. for three months, from the end of October to the end of January. I consider 5 per cent. in London a relatively high rate, inasmuch as capital is one of the raw products of production in this as well as in any other country ; and the higher the rate the manufacturer has to pay for money the less he will be able to compete with foreigners if they get their money cheaper.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

Investigations in Currency and Finance. By W. STANLEY JEVONS, LL.D., M.A., F.R.S. Edited by H. S. FOXWELL, M.A. (Macmillan.)

THE serious loss which economic science sustained by the untimely death of Mr. Jevons finds abundant illustration in this posthumous volume. It contains an admirable series of studies upon some of the most difficult and, at the same time, most interesting of current questions in the field of finance and economics; a few important papers being entirely new, others only now collected from the Transactions of various learned societies for which they were first written. The value of the book would have been greatly enhanced had it been completed, according to the author's intention, by an Introduction from his hand, in which the bearing of the various studies upon one another would have been shown and his latest conclusions stated. What it was possible to do in supplying this want has been ably done by Mr. Foxwell, who has acted as editor.

The fourteen tracts of which the volume is composed, fall into two very distinct groups, the first eight being devoted to a very comprehensive and thorough discussion of Periodic Commercial Fluctuations, and the rest to various questions of the currency, including Bimetallism and the condition of our Gold Coinage. There is, therefore, a very wide range of subject, but the treatment applied is alike throughout, for the author was a very enthusiastic advocate of the inductive method, and states his aim in these papers to be "to substitute exact inquiries, exact numerical calculations for guesswork and groundless argument, and to investigate inductively the intricate phenomena of trade and industry." Besides the lesson in method which is thus afforded, his preference here bears fruit in a series of statistical tables and diagrams that will be of the utmost service to students, even apart from the speculations and conclusions Mr. Jevons bases upon them.

The interest that attaches to the subject of Commercial Fluctuations and of those crises in which they culminate, has been sufficiently manifested by the frequent efforts made to explain their nature and origin. A disposition, nevertheless, is sometimes shown to question the practical importance of these enquiries. Yet their practical bearing is obvious enough if we consider that the fluctuations of trade are a constant cause of distress among large bodies of the working population, and that a great crisis often brings sudden and widespread

ruin. In this, as in other fields, to be forewarned is to be forearmed. To know the course which commercial fluctuations are likely to follow, to understand something of their causes, is the only possible way in which we can be enabled to ward off or mitigate their evil consequences. The twofold nature of commercial fluctuations has also to be borne in mind, some normal and to be calculated upon, others irregular and abnormal. A sufficient knowledge of the subject will help us to perceive whether, at any given moment, financial affairs are following their normal course, so that we shall neither be misled by false alarms nor, on the other hand, neglect the measures which events, properly interpreted, would show to be necessary. It is with this practical view that Mr. Jevons, in his papers I. to VIII., approaches the subject; and his manner of handling it is admirably illustrative of that exact and statistical method which he recommended. He begins with a diagram, in itself a monument of labour, in which are shown at a glance the fluctuations of all the chief elements of the Bank of England weekly accounts—which he took to be the best available index of the general condition of financial affairs—from the time of their first publication in 1844. The statistics of the subject were so exhaustively analysed by him in 1866 in his paper (No. V. in this volume) on the “Frequent Autumnal Pressure in the Money Market,” that the minor variations, which occur monthly and quarterly, and are the result of these artificial divisions of the year, are now generally well understood. The chief use, he points out, of a knowledge of these minor variations is that only when they are eliminated can we ascertain accurately the extent of the greater variations, such as the October drain in the money market, of which he gives so clear an exposition. The nature of this *annual tide* in the affairs of the country, so far as it affects bankers, he shows to be that in the autumn “there is a normal demand for currency far greater than at any other time of the year,” a demand which may be measured by the fact, drawn by Mr. Jevons from the average figures of eight years, that the excess *payments* of British coin at the Bank were in the four months, July–October, £3,500,000, and in the other eight months, November–June, only £1,470,000 (p. 168). Space forbids any lengthened account of the admirable paper in which he expounds this peculiar variation, but it is interesting to learn his idea of the remedies proposed against the disturbance which the movement causes. Some propose an unsettlement of the arrangements of our monetary system, the most feasible alternative being the free issue of notes whose convertibility shall depend on the credit and discretion of the issuing banks. Mr. Jevons thinks that in view of the purely internal nature of the autumn demand there is something to be said for this view, but his conclusion is, upon the whole, decidedly against it. “Nothing can be more desirable, nothing more in accordance with the natural laws of economics and trade, than that a foreign drain should at once cause a reduction in the currency, and thus tend to restore the

exchanges to equilibrium as quickly as possible. . . . And so far as a drain is not certainly known to be of a periodic or temporary nature, bankers are bound to raise the terms of advance and to restrict their amount. . . . I hold that *bankers have just the same latitude in increasing or diminishing their advances now as they would have under an unrestricted system.* It is only the illegitimate expansion of the note currency which is put out of their power by the Bank Acts of 1844 and 1845."

When Mr. Jevons in the three papers that follow (Nos. VI. to VIII.) comes to treat of the ten-year period he steps upon more questionable ground, and he is not unaware of the difference. While stating a distinct theory upon the subject, supporting it by careful argument and elaborate statistics, and clinging to it when his figures are found to tell a doubtful tale, he still admits the need of fuller information and further enquiry before it can be considered established. In regard to the decennial fluctuation he has three objects in view, to give conclusive evidence of its existence, to fix its precise average length, and to find its cause. On the first point all enquirers are pretty well agreed. A well-marked tendency of commercial crises to recur every ten years or so is now a commonplace of financial discussion. In these papers more or less evidence is adduced of such a periodical recurrence throughout the last 170 years. As to the precise length of the fluctuation Mr. Jevons "entertains no doubt whatever that the principal commercial crises do fall into a series, having the average period of about 10·466 years." It is in the very remarkable coincidence of this period with that of the solar variation, which the latest enquiries have made out to be 10·45 years, that the author of this volume discovers proof that the ultimate cause of the decennial crises is meteorological, though "the exact nature of the connection cannot at present be established." Stated in the briefest terms, the argument for this theory is as follows:—The prosperity of trade is acknowledged to depend most of all on abundant harvests and a consequently low price of the principal articles of food. The variation of seasons, and with them scanty or plentiful harvests, must chiefly depend upon the sun, which is the great agent in maintaining life upon the earth. Now it is scientifically ascertained that the sun goes through a periodical variation, not as yet fully understood in its nature, but evidenced by sun-spots, by magnetic disturbance, and other meteorological phenomena. It is reasonable, argues Mr. Jevons, to suppose that when we find an almost absolute correspondence of duration between the periods of solar variation and those of commercial fluctuations, that there is some intimate and causal connection between them. The chief difficulties in the way of the acceptance of this theory are first, that no corresponding variation can be traced in the price of corn in Europe, and secondly, that commercial disturbance and panic have arisen sometimes from other causes at such dates as make it impossible to include them in the

decennial series. The latter objection Mr. Jevons answers by affirming that such disturbances have generally not the intensity, profundity, and wide extension of the true decennial crises, neither does their occasional occurrence render needless an explanation of the well marked decennial movement. His answer to the first objection is that the conditions of European harvests are very complicated, and that the periodic variation which we do not find here, exists in tropical countries, such as India, China, and tropical Africa and America. The importance of the trade of India and the East to the commercial nations of Europe is dwelt upon, and in corroboration of his theory he adduces the fact of the periodicity of Indian famines, and gives a remarkable table of the Price of Wheat at Delhi in each year from 1763 to 1836, in which a decennial variation is undeniably manifested. For a fuller statement of what may be said in support of the theory, we must refer readers to the elaborate statistics and careful argument which they will find in the papers to which we have referred.

Before passing from the group of discussions on commercial fluctuations, we must notice the tracts (II., III., and IV.) on the Fall in the Value of Gold, if only to call attention to the thoroughness and care that make them models of economic study. While the infinite intricacy of such an enquiry is fully realised, no difficulty is shirked, and no pains spared to make the results complete. Circumstances have greatly altered since 1863, and the rise in prices which at that time prompted a discussion of the extent, causes, and social results of a depreciation of gold, has given place to a general fall in prices, which several economists have taken as the starting-point for precisely the opposite enquiry, namely, the causes and consequences of a rise in the value of gold. Any reader who will take these papers in question and compare them with one read before the Institute of Bankers in 1883 by Mr. Goschen, will have before him, to say the least, an admirable example of broad and masterly treatment of an economic subject from different stand-points.

The ninth chapter opens the second group of discussions, and is devoted to the condition of our gold coinage, a subject handled with the care and practicality it demands. The design of the paper, prepared in 1868, was twofold, to recommend the adoption of an international currency, and to demonstrate the necessity, in any case, of a recoinage. Upon the second of these two points, namely, the discreditable state of our metallic currency, Mr. Jevons could not fail to establish his contention, which he proved in the most practical way by a partial census of the coins themselves, basing on it a very careful estimate of the whole circulation. Since the publication of the essay the evils which it exposes have gone on increasing, but they still remain unremedied. The independent enquiries subsequently undertaken by Mr. J. B. Martin in 1882, and Mr. Inglis Palgrave in 1883, have in the main confirmed the conclusions arrived at by

Mr. Jevons, although they show that he was careful not to exaggerate the extent of the evil. His views are summed up in the following sentences :

"The sovereigns in circulation amount to 64,500,000 at the most, of which $31\frac{1}{4}$ per cent. are below the legally current weight. In short, about 20,000,000 of sovereigns require to be withdrawn if we desire to maintain the credit of our currency on its present footing, together with 11,500,000 half-sovereigns, or in all 31,500,000 coins. The cost of this recoinage may be estimated at £340,000. Regard it how we will, this is a sum which, if we maintain our present law, must be paid either by individuals in an arbitrary and unjust method of taxation, or by the Government in a more equitable manner."

It is interesting to note the method by which the result was arrived at in his estimate of the magnitude of the circulation. He says :

"We observe in the above table (his census of the coinage) that out of every 100,000 sovereigns now in circulation 18,671 sovereigns are found on an average to bear the dates 1863 or 1864. Though the proportion of such coins undoubtedly varies in different localities, I feel certain, after drawing up many averages, that this proportion must be very near the truth. We may say, therefore, with confidence, that the whole circulation of sovereigns is $\frac{100,000}{18,671}$, or 5.356 times ($5\frac{1}{4}$) as great as the number of sovereigns of 1863-64 now in the hands of the people. But the whole number of sovereigns coined in those years amounts to £14,578,000." The whole of this sum had not passed into circulation, "inasmuch as 600,000 sovereigns of the coinage of 1864 were lying at the Bank as received from the Mint," and this amount had therefore to be deducted before the calculation could be completed. "The quantity of sovereigns of 1863-64 in the hands of the public cannot, therefore, exceed £14,578,000 minus £600,000, or just about £14,000,000, and as the whole of the mixed circulation of sovereigns is $5\frac{1}{4}$ times this quantity, it is thus ascertained not to exceed £75,000,000." Various qualifications and deductions are then stated which reduce the total to the £64,500,000 above stated.

Another point which strikingly illustrates how the present system works, is well brought out by Mr. Jevons' comparative statement of the extraordinary difference of age between the sovereigns brought to the Bank of England and those circulating outside it. The paper is full of instruction upon all aspects of the subject, which has become an urgent practical question, more especially since the Chancellor of the Exchequer's endeavour to solve it.

Of the remaining discussions, which are more theoretical and speculative, the brief chapter on "An Ideally Perfect System of Currency" best deserves attention. It was intended as the final section of the author's treatise on "Money, and the Mechanism of Exchange," but not included in that work. Its few pages, only five in number, sum up the arguments of that volume in an extremely concise form. We need not attempt here to summarise a summary, but shall merely

touch on one or two salient points. He assigns to gold the place of a denominator and temporary standard of value, in terms of which all values will be expressed, but reserves the regulating of long-enduring debts and transactions to the tabular standard of value, "the amounts of debts, although expressed in gold, being varied inversely, as gold varies in terms of other commodities." Considering an international currency a perfectly feasible scheme, he selects as "the unit of account" the *dollar*, having regard to its wide acceptance in extra-European countries, and providing that it be "made exactly equivalent to the five-franc piece in gold." The author's leaning to a small note currency is strongly emphasized. "The main body of the currency will consist, as in Scotland, of representative notes of various denominations, from sums of ten, twenty, or twenty-five francs upwards. All the notes should be issued on the system of the present Issue Department of the Bank of England, which I have called the Partial Deposit System. The amount to be issued on securities instead of coin and bullion would be greater or less according to the whole amount of the issue, and the profit would, of course, be secured for the public revenue, after payment of the costs of issue." But Mr. Jevons considers that when the Cheque and Clearing systems have extended and perfected themselves, comparatively little room will be left even for "representative money."

The concluding papers on Bi-metallism will, doubtless, be to some the most interesting of all. It is with this as Mr. Bagehot said of a kindred subject,—if you write anything at all of it, it matters little to many what else you write, for they will attend to nothing else. Mr. Jevons considers Bi-metallism an indeterminate problem, and, acknowledging the great force of some arguments used in its favour, still declares it impracticable. Notwithstanding his wide knowledge he contends "that to wade through the interminable discussions on bi-metallism is about as useful as to wander through a forest in a mist, the happiest result of which is usually to find yourself back again at the point where you started from."

This book, as a whole, must be regarded as a valuable contribution to economic study, a monument of industry, and careful and ingenious argument. It is with deep regret that we think of it as the last fruit which we can receive of the speculative and practical genius of its author.

THE PAST WORK OF THE LONDON CLEARING HOUSE.

THE subjoined circular announces that a very simple and obvious reform in making up the totals of the London Clearing House has now been carried out :—

“ 15, LOMBARD STREET,
9th March, 1885.

SIR,—As the total amount of Bills, Cheques, &c., paid at the Bankers' Clearing House during the year is now made up to the 31st of December, instead of the 30th of April, it has occurred to me that it would be interesting to many of your readers to have the figures for the back years rearranged in accordance with the present system.

I forward you therefore the enclosed table, which has been prepared by Mr. Pocock.

I am, Sir,

Your obedient Servant,

JOHN LUBBOCK,

Hon. Sec. London Bankers."

| | Totals for the Years. | On Fourths of the Month. | On Stock Exchange Account Days. | On Consols Settling Days. |
|------|--------------------------|-----------------------------|------------------------------------|------------------------------|
| | £ | £ | £ | £ |
| 1868 | 3,425,185,000 | 155,068,000 | 523,349,000 | 134,552,000 |
| 1869 | 3,626,396,000 | 169,729,000 | 564,935,000 | 149,932,000 |
| 1870 | 3,914,220,000 | 176,137,000 | 634,914,000 | 163,230,000 |
| 1871 | 4,826,034,000 | 211,095,000 | 806,356,000 | 210,647,000 |
| 1872 | 5,916,452,000 | 256,899,000 | 1,015,959,000 | 246,922,000 |
| 1873 | 6,070,948,000 | 272,156,000 | 1,038,257,000 | 249,755,000 |
| 1874 | 5,936,772,000 | 265,427,000 | 1,010,456,000 | 260,244,000 |
| 1875 | 5,685,793,000 | 245,810,000 | 1,043,464,000 | 251,572,000 |
| 1876 | 4,963,480,000 | 225,936,000 | 761,091,000 | 225,948,000 |
| 1877 | 5,042,383,000 | 232,630,000 | 744,085,000 | 228,254,000 |
| 1878 | 4,992,398,000 | 217,753,000 | 795,443,000 | 227,241,000 |
| 1879 | 4,885,937,000 | 213,848,000 | 842,937,000 | 225,381,000 |
| 1880 | 5,794,238,000 | 236,809,000 | 1,151,867,000 | 255,224,000 |
| 1881 | 6,357,059,000 | 253,138,000 | 1,383,430,000 | 278,864,000 |
| 1882 | 6,221,206,000 | 238,150,000 | 1,228,916,000 | 278,387,000 |
| 1883 | 5,929,404,000 | 239,080,000 | 1,058,703,000 | 254,620,000 |
| 1884 | 5,798,555,000 | 242,659,000 | 960,623,000 | 268,352,000 |

Hitherto the figures, made up to the arbitrary date of 30th April, have been useless for any purposes of comparison, and thanks are due to the inspectors for having re-cast them so as to bring the aggregate totals into coincidence with the calendar year.

The yearly variations of the totals are seen more clearly by reducing them to a comparison with unity as represented by the year 1868, the first for which the figures are given. The result is as follows:

| | On Fourths of the Month. | On Stock Exchange Settling Days. | On Consols Settling Days. | On other days. | Totals. | Index Number. |
|------|--------------------------------|--|---------------------------------|-------------------|---------|------------------|
| 1868 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| 1869 | 108.8 | 107.9 | 111.4 | 105.0 | 105.9 | 99.4 |
| 1870 | 112.9 | 121.3 | 121.3 | 112.5 | 114.3 | 100.3 |
| 1871 | 135.3 | 154.1 | 156.5 | 137.7 | 140.9 | 96.5 |
| 1872 | 164.7 | 193.9 | 183.5 | 168.3 | 172.7 | 105.7 |
| 1873 | 174.4 | 198.3 | 185.6 | 172.6 | 177.2 | 109.8 |
| 1874 | 170.1 | 198.8 | 193.4 | 168.4 | 173.3 | 107.8 |
| 1875 | 157.6 | 199.4 | 187.0 | 158.6 | 166.0 | 105.5 |
| 1876 | 144.8 | 145.4 | 167.9 | 143.6 | 144.9 | 101.1 |
| 1877 | 149.1 | 142.2 | 169.6 | 146.9 | 147.2 | 101.0 |
| 1878 | 139.6 | 152.0 | 168.9 | 143.6 | 145.7 | 95.2 |
| 1879 | 136.8 | 161.1 | 167.5 | 137.9 | 142.6 | 82.8 |
| 1880 | 151.8 | 220.1 | 189.7 | 158.9 | 169.1 | 94.6 |
| 1881 | 162.3 | 264.3 | 207.2 | 170.0 | 185.6 | 88.6 |
| 1882 | 152.7 | 234.6 | 206.9 | 171.8 | 161.6 | 90.8 |
| 1883 | 153.3 | 202.3 | 189.2 | 167.5 | 173.1 | 87.4 |
| 1884 | 155.5 | 183.5 | 199.4 | 165.6 | 169.2 | 82.8 |

In this table the years of inflation up to 1873 find their expression in the annual turn-over, while the lean years 1873-1878 are similarly reflected. The period of partially revived activity and higher prices, 1879-1882, is marked by totals in excess of those of 1872-3, and even the extreme depression of 1884 shows a turn-over not much inferior to those of years comparatively prosperous. But as the yearly turn-over of trade, both domestic and foreign, must follow more or less the price of the articles dealt in, it may be well to compare the variations in the several totals with the index-number of each year (taken from the *Economist*) for what it is worth. This is shown in a separate column of the table, the figures for 1868 being in this case also taken as a starting-point.

The proportion to the total of each year borne by the home trade, Stock Exchange, and general business of the country may be made the subject of a separate table (see next page).

The home-trade, as reflected in the fourths of the months, is subject to the disturbing influence of the Consols settlement that sometimes coincides with it, but the proportion to the whole borne by the fourths of the months is on the whole very steady. During the last seven years their relative importance has declined, and it may be questioned

whether the custom of drawing inland bills on the first of the month exclusively is not falling into desuetude.

| | Fourths of Months. | Stock Exchange Settling Days. | Consols Settling. | Other days. | Totals. |
|---------|-----------------------|----------------------------------|----------------------|-------------|---------|
| 1868 | 4.5 | 15.3 | 3.9 | 76.3 | 100 |
| 1869 | 4.7 | 15.5 | 4.1 | 75.7 | 100 |
| 1870 | 4.5 | 16.2 | 4.2 | 75.1 | 100 |
| 1871 | 4.4 | 16.7 | 4.4 | 74.5 | 100 |
| 1872 | 4.3 | 17.2 | 4.1 | 74.4 | 100 |
| 1873 | 4.5 | 17.1 | 4.1 | 74.3 | 100 |
| 1874 | 4.5 | 17.0 | 4.4 | 71.1 | 100 |
| 1875 | 4.8 | 18.4 | 4.4 | 72.9 | 100 |
| 1876 | 4.5 | 15.4 | 4.5 | 75.6 | 100 |
| 1877 | 4.6 | 14.8 | 4.5 | 76.1 | 100 |
| 1878 | 4.4 | 15.9 | 4.5 | 75.2 | 100 |
| 1879 | 4.4 | 17.2 | 4.6 | 73.8 | 100 |
| 1880 | 4.1 | 19.8 | 4.4 | 71.7 | 100 |
| 1881 | 4.0 | 21.8 | 4.3 | 69.9 | 100 |
| 1882 | 3.8 | 19.7 | 4.5 | 72.0 | 100 |
| 1883 | 4.0 | 17.8 | 4.3 | 73.9 | 100 |
| 1884 | 4.1 | 16.6 | 4.6 | 74.7 | 100 |
| Average | 4.33 | 17.2 | 4.34 | 74.13 | 100 |

The establishment of a Stock Exchange clearing might have been expected to have left its mark on the totals under review more decidedly than proves to be the case ; and although many failures during recent years have afforded evidence that there is always a temptation to make good losses in trade by Stock Exchange gambling, it must be borne in mind that when the stock markets are dull, gambling in produce frequently presents itself as an alternative mode of speculation, and so in the above table the totals of Stock Exchange settling days will be found approximately to follow the course of trade generally.

Considering the constantly increasing length of the Stock and Share List, and the expansion of general business, it is certainly remarkable that the business done on Consols settling days should show the decided tendency to increase in proportion to the total of business done, to which the table bears witness ; it is sincerely to be hoped that political events may not have in store for us both an increase in the volume of the national debt, and an increased relative importance attaching to transactions connected therewith.

Altogether there is good ground for congratulation that the published totals of the Clearing House, instead of being as heretofore a barren statement of figures, will henceforth furnish in some measure a reflection of the general trade and business of the country.

LEGAL DECISIONS AFFECTING BANKERS.

(Reported in full, see next page.)

In re BROAD. Ex parte NECK.

THOMSEN, a merchant in Sweden, had for some years been in the habit of drawing on Neck, a foreign banker and merchant in London, bills which the latter accepted for Thomsen's accommodation.

Thomsen, in order to provide Neck with funds to meet the acceptances, remitted from time to time bills which Neck discounted, carrying the proceeds to Thomsen's general account with him, and crediting him with interest on the amounts of the remitted bills from their due dates.

On the 19th April, 1883, Thomsen drew a bill for £450 on Neck, payable on the 21st July, 1883, and it was duly accepted.

On the 13th July, 1883, he remitted to Neck a draft at sight for £450, upon Westenholz Bros. of London, following it by a letter directing him to "encash it to his credit." The draft was duly cashed on the 17th July, 1883, and the proceeds paid by Neck to his general account with his bankers.

On the 20th July, 1883, Neck stopped payment, and his acceptance, which fell due the next day, was dishonoured. In November he filed a Petition for Liquidation.

Thomsen claimed that the drafts on Westenholz had been specifically appropriated by him to pay Neck's acceptance, and claimed from Broad, the trustee in the liquidation proceedings, the return of £450, the amount of that draft.

The Court of Appeal decided that the course of dealing between the parties, and the fact that interest was carried from time to time to Thomsen's general account, showed that Neck was entitled to deal with the proceeds of remittances as his own money, and that he was not a trustee for Thomsen, but merely a debtor to him.

That, although if the draft had remained in specie, the matter would have stood on a different footing, the draft having been cashed, and the proceeds carried to the general account, Thomsen was not entitled to those proceeds, as having been specifically appropriated to meet the acceptance.

[IN THE COURT OF APPEAL.]

In re BROAD. Ex parte NECK.

Bankruptcy—Bill of Exchange—Acceptances for Accommodation of Drawer—Remittances to cover Acceptances—Insolvency of Acceptor—Specific Appropriation—Interest credited by Acceptor to Drawer.

A banker in London was in the habit of accepting for the accommodation of a customer, a merchant in Sweden, bills drawn on him by the merchant, who used to remit other bills to the banker to put him in funds to meet the acceptances when they became due. The banker, with the knowledge of the customer, generally discounted the remitted bills before they fell due, and paid the proceeds to his current account with his own bankers. He rendered yearly accounts to the customer, and in those accounts he credited him with interest on the amounts of the remitted bills from their due dates, and debited him with interest on the amounts which he paid in discharge of the acceptances. The amounts of the bills remitted by the customer did not always exactly correspond with the amounts of the acceptances which they were intended to cover. In April, 1883, the banker accepted a bill for £450 drawn on him by the customer, and maturing on the 21st of July. On the 13th of July the customer sent to the banker a bill for £450 upon W., of London, payable at sight. This bill was received by the banker on the 17th of July, and the proceeds were paid to his bankers and carried to his current account. On the 20th of July the banker stopped payment. His acceptance for £450 was dishonoured the next day, and the customer had to pay it. In November, 1883, the banker filed a liquidation petition :—

Held, that the remitted bill for £450 was not specifically appropriated to meet the banker's acceptance for £450, and that, as the amount of the bill had been received by the banker before the commencement of the liquidation, the customer was not entitled to the proceeds in specie, but could only prove for the amount as a debt in the liquidation.

Seemle, that, if the remitted bill had remained in specie at the commencement of the liquidation, the customer would, on retiring the acceptance, have been entitled to have the bill returned to him.

In re Gothenburg Commercial Co. (29 W. R. 358) approved and followed.

This was an appeal from an order made by Mr. Registrar Hazlitt on the 24th of April, 1884, directing the trustee in the liquidation of J. F. Neck to pay J. Thomsen, of Bergen, in Sweden, out of the assets of the debtor, the sum of £450, being the amount of a draft drawn by Thomsen on Westenholz Brothers, of London, dated the 13th of July, 1883, payable at sight, and which was remitted by Thomsen to Neck for the purpose of taking up a bill of exchange drawn by Thomsen on Neck, dated the 19th of April, 1883, and accepted by Neck.

Neck had carried on the business of a foreign banker and merchant in the City of London. Thomsen carried on business at Bergen, in Sweden, as a merchant, under the firm of Gottlieb Thomsen. For some years Neck had been in the habit of accepting for the accommodation of Thomsen bills drawn on him by Thomsen. The course of business was thus described in an affidavit made by Thomsen : " For some years past I have been accustomed from time to time to draw bills upon Neck at three months date, which he has accepted, and before the due dates of such bills it has been my invariable custom to

remit funds to Neck to cover my drafts as they respectively matured Thomsen further said: "On the 19th of April, 1883, I drew a bill for £450 on Neck, payable to the order of Bergen's Private Bank, at three months date, which bill was accepted by Neck and was made payable at his bankers in the city of London. The said bill matured on the 21st of July, 1883 (the 22nd of that month falling on a Sunday). On the 13th of July, 1883, I remitted to Neck a draft for £450, upon Westenholz Brothers of London, at sight, which I am informed and believed was received by Neck on the 17th of July, 1883. I am also informed and believe that the draft upon Westenholz Brothers was accepted by that firm, and was paid by Neck to his account with his bankers on the day it was received, and that it was duly collected."

On the 20th of July, 1883, Neck stopped payment, and, when the bill for £450 which he had accepted was presented the next day to his bankers for payment, payment was refused.

Neck made an affidavit in which he said: "Thomsen was well aware from time to time, when he remitted me bills to meet my acceptances on his account and for his accommodation, that I was in the habit of discounting such bills remitted by him, although, as a matter of fact, I sometimes did not discount such bills forthwith, but retained the same until it was convenient to me to discount them. In any event it was the arrangement between us that I should debit him with interest at the rate of 5 per cent. per annum in respect of moneys paid by me for the purpose of paying my credit acceptances as aforesaid, and credit him with interest at the same rate, from the due dates of any remitted bills, in respect of any moneys which were the proceeds of bills remitted by him. It was my custom to render accounts to Thomsen annually, and such accounts were made up to the 31st of December in each year, and the balance of interest was either debited or credited, as the case might be, in the accounts so rendered."

Neck's books showed that the accounts between himself and Thomsen were kept in the manner thus described.

The letter dated the 13th of July, 1883, in which Thomsen sent to Neck the bill for £450 on Westenholz Brothers, contained the following passage: "Inclosed I beg to remit £450 at sight on Westenholz Brothers, which please encash to my credit." In a letter, dated the 18th of July, 1883, written by Neck to Thomsen, he said: "We are in receipt of your favour of the 13th inst. handing a cheque for £450 for 17th inst. on Westenholz Brothers, which is noted to the credit of your account." In the book of "bills receivable" kept by Neck, the bill on Westenholz Brothers was entered as received on Thomsen's account. On the 14th of November, 1883, Neck filed a liquidation petition, under which his creditors resolved on a liquidation by arrangement and appointed a trustee.

The trustee appealed from the Registrar's order.

Sidney Woolf, for the appellant. No doubt the bill for £450 on Westenholtz was sent by Thomsen to Neck for the purpose of meeting his own bill, which matured on the 21st of July. But there was no fiduciary relation between Thomsen and Neck such as there was in *In re Hallett* (1), and Thomsen is not entitled to follow the proceeds of the remitted bill. He would have been entitled to the bill if it had remained in specie, but the arrangement that interest should be paid by Neck shows that it was intended that he should be at liberty to use the proceeds of bills which he received in his business as a banker does, and that consequently those proceeds were not specifically appropriated to meet Neck's acceptances for Thomsen. *In re Gothenburg Commercial Company* (2) is a distinct authority to that effect.

[BAGGALLAY, L.J., referred to *Johnson v. Roberts* (3).]

It is an ordinary case of banker and customer; Neck had the right to use the money as his own, and it has become the property of the trustee. Thomsen has only a right of proof.

J. E. Linklater, for Thomsen. It is admitted that, if the bill on Westenholtz had remained in specie, Thomsen would have had a right to have it back again; this shows that there was a fiduciary relation. In other words, the remitted bills were sent by Thomsen for the purpose of meeting Neck's acceptances for him. The payment of interest is the only thing adverse to Thomsen's claim. But interest was allowed only from the due dates of the remitted bills, not from the dates when they were discounted; and, not down to the time of the payment of the bills which the remitted bills were intended to cover, but down to the end of the year. Neck was aware that the bill on Westenholtz was sent expressly to meet his own acceptance for £450. *In re Hallett* (1) applies. The sending of remittances generally for the purposes of a specified account is a sufficient appropriation: *Ex parte Gomez* (4). Unless the banker is authorised to deal with the customer's remittances as if they were absolutely his own moneys, the customer is entitled, in the event of the banker's bankruptcy, to have the sums remitted returned to him in specie: *Ex parte Cooke* (5). In *In re Gothenburg Commercial Company* (2) there was a distinct agreement that the proceeds of the remittances should be employed by the person to whom they were sent for his own purposes.

[COTTON, L.J. It was only an agreement implied from the course of dealing.]

BAGGALLAY, L.J. The question whether the bill for £450, which was remitted by Thomsen to Neck on the 13th of July, was specifically appropriated to the taking up of a bill for the same amount

(1) 13 Ch. D. 696.

(2) 29 W. R. 358.

(3) Law Rep. 10 Ch. 505.

(4) Law Rep. 10 Ch. 639.

(5) 4 Ch. D. 123.

which had been accepted by Thomsen for Neck, and which fell due upon the 21st of the same month, depends, I think, partly upon the general course of dealing between Thomsen and Neck, and partly upon the circumstances attending the particular remittance which was made on the 13th of July. Now the ordinary course of dealing appears to have been this:—Neck was from time to time under liabilities upon acceptances on behalf of Thomsen, and the practice was that Thomsen should remit moneys or bills for the purpose of enabling Neck to meet the acceptances when they became due. That appears to have been the general course of dealing. Possibly in some cases the remitted bills were retained by Neck until they became due, but occasionally, at any rate, he cashed them before they became due, and he carried the amount of the cash, whether obtained by discount or otherwise, at once to the general credit of Thomsen's account. The particular remittance of the 13th of July was a bill payable "at sight," and that bill was cashed by Neck on the 17th of July, and the amount was carried to the general credit of the account. This appears to have been in accordance with the ordinary course of the dealing, and, if this particular transaction was not in any way taken out of the ordinary course of the dealing, it would follow that the Registrar's decision was wrong, and that Thomsen is not entitled to have the proceeds of the £450 bill specifically paid over to him. But it is suggested that there was a specific appropriation so far as regards this particular transaction, and reliance has been placed on Thomsen's letter of the 13th of July, which was sent to Neck with the bill for £450. But the terms of that letter seem to me to be entirely in accordance with the usual practice. No doubt the general ground or reason why the remittance was made was, that bills drawn by Thomsen on Neck were becoming due (there were other bills payable on the 21st of July), but an authority to "encash" the remitted bill, and to carry the amount to Thomsen's credit, is contained in this very letter. If this bill had not been cashed before Neck's stoppage on the 20th of July, but had remained in specie, then, upon the authority of *Ex parte Gomez* (1) and *In re Gothenburg Commercial Company* (2), Thomsen would be entitled to have the proceeds paid to him. It appears to me that *In re Gothenburg Commercial Company* (2) distinctly applies to the present case, when once it is ascertained that in the ordinary course of business the remitted bill has been cashed, and the proceeds carried to the general credit of the account, and interest credited on them. In that case it was strongly urged that there was a specific appropriation, because the letter written by the manager of the Swedish Bank, only three days before the stoppage of the company, referred to the remittances as being made specially as provision for paying certain acceptances which were about to become due. However, it was held that, as regards those remittances

(1) Law Rep. 10 Ch. 639.

(2) 29 W. R. 358.

which were cashed before the stoppage, and the proceeds paid to the general credit of the account, there was no right on the part of the remitters to the proceeds, but that, as regards those remittances which had not been cashed before the stoppage, the remitters were entitled to have them specifically appropriated.

I think that when once you ascertain the relation, and the nature of the course of dealings, between the parties in the present case, the decision in *In re Gothenburg Commercial Company* (2) is applicable, and that this appeal must be allowed.

CORROX, L.J. I also am of opinion that the appeal must be allowed. We have to deal with the proceeds of a remittance made by the customer to the debtor which had been cashed before the debtor's stoppage, not with a bill which remained in specie at the time when the stoppage took place. If the bill had remained in specie the matter would have stood upon a very different footing, and, though it is not necessary to decide the point, probably the customer might then have been entitled to say, "That is my bill; I have paid your acceptance, therefore hand over the bill to me." But what really took place was this. A few days before the stoppage the debtor cashed the bill, and now the customer says, "I am entitled to follow the proceeds, as trust-money specifically appropriated to a purpose which has not been performed, and therefore the money ought to be handed over to me." In my opinion he is not so entitled. We find that the course of dealing was this. Although the remittances were made by the customer for the purpose of meeting the debtor's acceptances on his account, yet the debtor cashed or discounted the remittances which were made to him, and carried the proceeds to the general account of the customer, and credited the customer with interest on the sums which he had thus received in respect of the remittances.

Now in *In re Gothenburg Commercial Company* (1), Sir G. Jessel, M.R., said (2), "The bills were sent, I think, originally for the purpose generally of providing funds to meet the acceptances, and for no other purpose, with this right of discounting and appropriating the money." If a man pays interest for money he must be entitled to the use of it. When a man locks up money which is entrusted to him in a box, he does not pay interest on it. I think we must judge of the contract between the parties from the course of dealing and from the accounts which were rendered, and, looking at the whole course of dealing, in my opinion, although, so long as the remittance remained in specie, the customer might have said, "Hand it over to me," yet, looking at the accounts rendered from time to time, the inference is, that the banker was to be at liberty to put himself in funds by cashing the remittances, and, when he had done so, to treat

(1) 29 W. R. 358.

(2) At p. 360.

himself, not as a trustee of the proceeds for the customer, but only as a debtor to the customer for the sum which he had thus received. In my opinion, interest being from time to time carried to the credit of the customer in the account, the banker was entitled to put the proceeds into his own pocket, not keeping them separate from his general account.

In my opinion, therefore, as regards the proceeds of this bill which was cashed before the stoppage, the customer must come in and prove as a creditor, and I cannot say that the debtor was a trustee of the money for him. I cannot see any distinction between the present case and *In re Gothenburg Commercial Company* (1).

LINDLEY, L.J. I am of the same opinion. When we look at the course of dealing between the parties, and the terms of the letter of the 13th of July, which remitted the bill for £450 at sight, and also at what was done with respect to interest on the balance due on the account between the parties, I think the inference is inevitable that the position of Neck, as regards the money received by him from the bill, was not that of a trustee, but that of a debtor. I am quite unable to distinguish this case from *In re Gothenburg Commercial Company* (1).

Appeal allowed.

Solicitor for trustee : *H. Montagu.*

Solicitor for Thomsen : *Young, Jones & Co.*

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Deficiency in amount of Silver Coin—Remedy.

QUESTION 325.—A customer lodges for his credit silver in packages, on which he places his initials. If the packages should prove to be short, or contain bad coins, can the customer's account be debited with deficiency if he refuses to pay the amount ?

ANSWER : Yes, if the coin be checked within a reasonable time after lodgment.

Re Discharge of Dividend Warrants—Per pro Endorsement.

QUESTION 326.—Is a banker justified in refusing to pay a dividend warrant signed "per pro" the proprietor and guaranteed by a banker ?

ANSWER : Dividend warrants require the discharge of the proprietors or stockholders, and bankers are not justified in paying them without such discharge unless specially authorised to do so by the company. If a paying banker pays under a guarantee, he does so at his own risk.

"Esq." as part of Acceptance.

QUESTION 327.—Would the affix of "Esq." to the signature of the acceptor of a bill have the effect of invalidating the acceptance ?

ANSWER : The word "Esq." may be intended only as a description. If the acceptor wrote his name as described, with the intention of accepting the bill, we think it would hold good.

Husband and Wife.—Discharge of Deposit.

QUESTION 328.—If a deposit stand in the name of John Brown and Maria his wife is the endorsement of the receipt by the former alone sufficient discharge for the Bank ?

ANSWER : No. The discharge of both depositors is required.

Refer to Drawer—Clearing House Rules.

QUESTION 329.—Referring to Question 316, is the answer "Refer to drawer," affixed to a dishonoured cheque, in strict accordance with the rules of the Clearing House ? In the case of a cheque dishonoured with such an answer as "Present again" (which you think not in accordance with these rules), should it on that ground be refused to be taken back by the presenting banker, who, you say, has no right to demand any special form of answer ; could such refusal be upheld ?

ANSWER : The answer "Refer to drawer" is perfectly legitimate, and the answer "Present again," although, as stated, not strictly in accordance with the rules of the Clearing House, is not unusual, and would not afford ground for refusal on the part of the presenting banker to take back a cheque so answered.

Form for Transfer of Shares.

QUESTION 330.—Is a banking company justified in refusing to transfer its shares when any form is used other than the one provided by themselves ? Suppose a blank transfer on the ordinary form to have been signed and the necessity arises for acting upon it. The company refuses to recognise any other than its own form, and the transferor cannot be persuaded to sign a fresh one. In this case is it not possible to compel the company to act on the form presented to them ?

ANSWER : In the case of banking companies it will be found that the deed of settlement usually provides that the shares shall only be transferred on the form of deed prepared by the company, and that transfers on any other form are invalid at law and in equity. The special form provided usually contains clauses whereby the transferee, by means of the instrument, executes the deed of settlement, or undertakes liabilities to the company not included in the ordinary form of transfer.

Stamps on Acknowledgments.

QUESTION 331.—Do either of the following forms require a receipt stamp?—

1.

St. Michael's Bank,
March 1st, 1885.

Dear Sir,

I beg to acknowledge the receipt of £100, which has been placed to the credit of your account, per Mr. Jno. Smith.

I am, Dear Sir,
Yours truly,

CHAS. HUNT,
Manager.

Jno. Brown, Esq.

2.

St. Michael's Bank,
March 1st, 1885.

Dear Sir,

I beg to inform you that Mr. John Smith has paid in £100 to your account.

I am, Dear Sir,
Yours truly,

CHAS. HUNT,
Manager.

Jno. Brown, Esq.

3.

St. Michael's Bank.

Credit John Brown, Esq., £100, per John Smith.

Jan. 2nd, 1885.

ANSWER : No.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus :—£1,000 —

| Bank. | Account made up to | No. of Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus. |
|---|--------------------|------------------|--|----------|--------------------------|--------------------|------------------------------|---------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | Dec. 31 1884 | | £ | £ | £ | £ | £ | % |
| *Agra Bank, Limited..... | 1884 | 8 | 1,000 | 1,000 | 10 | 10 | Nil | 5½ |
| *Anglo-Foreign Banking Co., Ltd. | " | None | 420 | 420 | 7 | 7 | Nil | 6 |
| Australian Joint Stock Bank ... | " | 94 | 625 | 500 | 10 | 8 | 10 | 12½ |
| *Bank of Africa | " | 21 | 1,000 | 500 | 25 | 12 10— | ... | Nil |
| Bank of British Columbia | " | 4 | 500 | 346 | 20 | { 20 10 } | { 20 30 } | 4 |
| Bank of British North America | " | 16 | 1,000 | 1,000 | 50 | 50 | ... | 6 |
| Colonial Bank of New Zealand | " | 21 | 1,000 | 400 | 5 | 2 | 8 | 7 |
| Commercial Bk. of Australia, Ltd. | " | 56 | 1,500 | 562 | 10 | 4 | 6 | 10 |
| Commercial Bank. Co. of Sydney | " | 116 | 600 | 600 | 25 | 25 | 25 | 25 |
| Delhi and London Bank, Ltd. ... | " | 4 | 338 | 338 | 25 | 25 | ... | 5 |
| *Devon & Cornwall Bank. Co., Ltd. | " | 29 | 1,000 | 175 | 200 | { 40 15 } | 100 | 18½ |
| *International Bank of London, Limited | " | None | 400 | 300 | 20 | 15 | 5 | 5 |
| Isle of Man Banking Co., Ltd. | " | 4 | 150 | 30 | 10 | 2 | 8 | 25 |
| Mercantile Bank of Sydney | " | 11 | 300 | 300 | 4 | 4 | 4 | 9 |
| *Preston Banking Co., Limited ... | " | 12 | 593 | 148 | 100 | 25 | 75 | 10 |
| Queensland National Bank | " | ... | 1,300 | 650 | 10 | 5 | 10 | 15 |
| *Staffordsh. Joint Stock Bk., Ltd. | " | 11 | 875 | 175 | 100 | 20 | 75 | 7½ |
| *Stamford, Spalding and Boston Banking Co., Limited | " | 22 | 825 | 275 | 30 | 10 | 10 | 13 |
| Standard Bank of South Africa | " | 63 | 4,000 | 1,000 | 100 | 25 | ... | 10 |
| Stuckey's Banking Co., Ltd. ... | " | 49 | 608 | 304 | 100 | 50 | 50 | ... |
| *Town and County Bank, Limited Aberdeen | Jan. 31 1885 | 52 | 1,260 | 252 | 35 | 7 | 15 | 11½ |
| *Union Bank of Spain and England, Limited | Dec. 31 1884 | 1 | 500 | 200 | 20 | 8 | 12 | Nil |

* These accounts are made up annually.

† Including liability of customers for acceptances and endorsements.

STOCK BANK ACCOUNTS (*continued from page 185*).

£1,000,000 (except columns 1, 2, 5, 6, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|---------------------------------|--------------------|--|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans, and other Securities† | Bank Premises, Furniture, &c. | Total Assets. |
| | | | | | British Government Stock. 1‡ | Other Investments. | | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 220 | 3,406 | 731 | 74 | 430 | 815 | ... | 4,007 | 168 | 5,421 |
| 80 | 3,364 | 426 | 84 | 668 | ... | 270 | 3,348 | 35 | 4,316 |
| 240 | 5,112 | ... | 41 | 867 | ... | 103 | 191 | 5,678 | 6,834 |
| Nil | 1,271 | ... | 1 | 385 | ... | 177 | 1,594 | 77 | 2,233 |
| 65 | 572 | Nil | 24 | 190 | 52 | Nil | 1,095 | 30 | 1,367 |
| 217 | 1,367 | (b) 2,084 | 75 | 473 | ... | 156 | 4,201 | 68 | 4,898 |
| 43 | 1,420 | Nil | 16 | 317 | ... | 100 | 1,590 | (a) 108 | 2,115 |
| 190 | 3,390 | 142 | 110 | 546 | Nil | 93 | 3,901 | 72 | 4,612 |
| 675 | 7,607 | ... | 89 | 1,178 | ... | 503 | 7,578 | 247 | 9,506 |
| Nil | 706 | 8 | 9 | 76 | ... | 357 | 969 | 42 | 1,344 |
| 152 | 2,526 | Nil | 38 | 178 | 600 | 838 | 1,232 | 34 | 2,882 |
| 40 | 33 | 1,612 | 15 | 268 | 93 | 10 | 1,622 | 1 | 1,994 |
| 40 | 493 | ... | 4 | 119 | 10 | 219 | 254 | 4 | 606 |
| 143 | 1,606 | Nil | 35 | 323 | ... | 79 | 1,649 | 56 | 2,107 |
| 50 | 1,251 | ... | 19 | 202 | 34 | 239 | 973 | 21 | 1,469 |
| 258 | 4,103 | ... | 57 | 686 | ... | 255 | 4,884 | 154 | 5,479 |
| 32 | 860 | Nil | 15 | 103 | 50 | 100 | 787 | 37 | 1,077 |
| 180 | 1,481 | 10 | 37 | 216 | 203 | 260 | 1,262 | 68 | 2,009 |
| 400 | 6,661 | 494 | 50 | 1,910 | 100 | 806 | 6,288 | 205 | 10,405 |
| 248 | 4,809 | 24 | 42 | 617 | 1,409 | 1,299 | 2,021 | 63 | 5,409 |
| 126 | 1,975 | ... | 33 | 179 | 830 | 804 | 1,175 | 71 | 2,558 |
| Nil | 346 | 117 | 6 | 70 | ... | 27 | 567 | 6 | 670 |

(a) Including Landed Property.

(b) Including Bills Payable and other Liabilities.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. March 4. 1 | 1885. March 11. 2 | 1885. March 18. 3 | 1885. March 25. 4 | 1884. March 26. 5 |
|--|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| BANK OF ENGLAND. | | | | | |
| ISSUE DEPARTMENT. | £ | £ | £ | £ | £ |
| Notes issued | 39,137 | 39,687 | 40,282 | 40,537 | 40,116 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 23,387 | 23,937 | 24,532 | 24,787 | 24,366 |
| | 39,137 | 39,687 | 40,282 | 40,537 | 40,116 |
| BANKING DEPARTMENT. | | | | | |
| LIABILITIES. | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Reserve | 3,747 | 3,755 | 3,778 | 3,782 | 3,777 |
| Public deposits | 11,352 | 11,812 | 12,354 | 11,897 | 12,450 |
| Other deposits | 23,790 | 25,042 | 24,784 | 25,334 | 22,569 |
| Seven day and other bills..... | 165 | 171 | 154 | 133 | 140 |
| Total..... | 53,607 | 55,333 | 55,623 | 55,699 | 53,489 |
| ASSETS. | | | | | |
| Government securities | 14,052 | 14,652 | 14,652 | 14,652 | 12,453 |
| Other securities..... | 23,065 | 23,274 | 22,701 | 23,124 | 24,455 |
| Notes | 15,303 | 16,190 | 16,940 | 16,719 | 15,467 |
| Gold and Silver coin | 1,187 | 1,217 | 1,330 | 1,204 | 1,114 |
| Total..... | 53,607 | 55,333 | 55,623 | 55,699 | 53,489 |
| Notes in the hands of the Public..... | 23,835 | 23,497 | 23,342 | 23,818 | 24,649 |
| Reserve | 16,490 | 17,407 | 18,270 | 17,923 | 16,581 |
| Proportion of reserve to liabilities (per cent.)..... | 46.70 | 47.01 | 48.99 | 47.91 | 47.16 |
| Rate of discount | 4 ½ | 4 ½ | 3 ½ | 3 ½ | 3 ½ |
| | March 5. | March 12. | March 19. | March 26. | March 27. |
| RATES OF EXCHANGE ON LONDON. | | | | | |
| Paris, cheque— (par £1=25f. 22½ c.) | 25.37½ | 25.37½ | 25.37 | 25.38 | 25.23 |
| Berlin, 8 days— (par £1=20m. 43 pf.) | 20.51½ | 20.51 | 20.50½ | 20.49 | 20.45½ |
| New York, 60 days— (par £1=\$4.867) | 4.83½ | 4.83½ | 4.83½ | 4.84½ | 4.87½ |
| Calcutta, 4 m/d— (per rupee)..... | 1s. 6½d. | 1s. 6½d. | 1s. 6½d. | 1s. 6½d. | 1s. 7½d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. March 5. 1 | 1885. March 12. 2 | 1885. March 19. 3 | 1885. March 26. 4 | 1884. March 27. 5 |
|--|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| BANK OF FRANCE. | | | | | |
| (Converting the franc at 25 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Public deposits | 2,837 | 3,489 | 3,797 | 4,551 | 7,025 |
| Private deposits..... | 12,552 | 12,408 | 13,192 | 13,074 | 17,109 |
| Notes in circulation | 117,131 | 116,301 | 115,430 | 114,610 | 115,391 |
| Other items | 12,248 | 12,203 | 12,107 | 12,109 | 12,141 |
| Total..... | 144,768 | 144,401 | 144,526 | 144,344 | 152,166 |
| ASSETS. | | | | | |
| Gold | 40,118 | 40,125 | 40,307 | 40,425 | 40,172 |
| Silver | 41,786 | 41,884 | 42,158 | 42,416 | 40,097 |
| Bills | 33,840 | 33,548 | 32,849 | 32,613 | 42,205 |
| Advances | 16,578 | 16,876 | 16,767 | 16,613 | 18,014 |
| Other items | 12,446 | 11,968 | 12,455 | 12,277 | 11,678 |
| Total..... | 144,768 | 144,401 | 144,526 | 144,344 | 152,166 |
| Rate of discount..... | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | |
| | 1885. Feb. 28. | 1885. March 7. | 1885. March 14. | 1885. March 23. | 1884. March 22. |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 34,103 | 33,606 | 33,312 | 33,416 | 33,699 |
| Current accounts | 12,205 | 11,989 | 11,690 | 10,684 | 10,595 |
| Other items | 7,033 | 7,029 | 7,027 | 7,144 | 7,104 |
| ASSETS. | | | | | |
| Coin and Bullion | 28,914 | 28,881 | 28,793 | 28,907 | 30,962 |
| Bills and Loans | 20,224 | 19,791 | 19,182 | 18,034 | 16,738 |
| Other items | 4,784 | 4,559 | 4,664 | 4,678 | 4,077 |
| Rate of discount | 4 % | 5 % | 5 % | 5 % | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Feb. 7. 1 | 1885. Feb. 14. 2 | 1885. Feb. 21. 3 | 1885. Feb. 28. 4 | 1885. March 1. 5 |
|--|-----------------------|------------------------|------------------------|------------------------|------------------------|
| NEW YORK ASSOCIATED BANKS. | | | | | |
| (Converting the dollar at 5 to the £). | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 2,215 | 2,205 | 2,195 | 2,181 | 2,901 |
| Net deposits | 70,883 | 71,408 | 70,434 | 70,133 | 71,950 |
| ASSETS. | | | | | |
| Loans and discounts | 58,929 | 59,891 | 59,646 | 59,718 | 63,887 |
| Specie | 21,080 | 20,659 | 20,323 | 20,333 | 15,369 |
| Legal tenders..... | 7,638 | 7,515 | 7,228 | 7,024 | 6,358 |
| Legal reserve (being one-fourth of net deposits) | 17,721 | 17,852 | 17,608 | 17,533 | 17,987 |
| Reserve held (consisting of specie and legal tenders)..... | 28,718 | 28,174 | 27,551 | 27,357 | 21,727 |
| Surplus..... | 10,997 | 10,322 | 9,943 | 9,824 | 3,740 |
| | 1885. March 4. | 1885. March 11. | 1885. March 18. | 1885. March 25. | 1885. March 26. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ |
| Clearing-house returns..... | 131,737 | 99,272 | 123,496 | 89,559 | 101,630 |
| Average price of wheat | 32s. | 31s. 3d. | 31s. 4d. | 31s. 11d. | 37s. 7d. |
| Price of consols..... | 97½ | 97½ | 98½ | 96½ | 102½ |
| Bar silver, fine, per oz. standard.. | 49d. | 49d. | 49½d. | 49d. | 50½d. |
| 3 % French Rentes | 81·35 | 81·92½ | 81·60 | 81·10 | 75·80 |

Telephone No. 1723.

ESTABLISHED 1831.

**APPOLD ST.
AND
SKINNER ST.,
FINSBURY,
E.C.**



**AND AT
108,
GEORGE ST.
WEST,
SYDNEY.**

**BLADES, EAST & BLADES,
BANK-NOTE
AND
Double Protective Cheque Printers,
23, ABCHURCH LANE, LONDON,
STEAM WORKS:
APPOLD STREET, FINSBURY.**

**SPECIAL QUOTATIONS GIVEN FOR BANKERS' PASS BOOKS.
Money Scales, Weights, Shovels, &c.**

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Business Established 1874.

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**HORSES, CATTLE, and other LIVE STOCK insured against
 DEATH from ACCIDENT and DISEASE.**

REDUCED RATES! LOSSES PROMPTLY PAID!

Prospectuses and full particulars post free.

Agents wanted.

B. S. ESSEX, *Secretary.*

BANK OF MONTREAL.

ESTABLISHED 1818.

INCORPORATED BY PROVINCIAL PARLIAMENT.

Capital Paid Up, £2,465,753 Sterling.

Reserve Fund, £1,232,876.

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 Chicago Agency—BANK OF MONTREAL.

Boston—MERCHANTS' NATIONAL BANK.
 San Francisco—BANK OF BRITISH COLUMBIA.

GUARDIAN

Fire & Life Assurance Company.

Established 1821, and Empowered by Special Acts of Parliament.

| | | | | | |
|---------------------|-----|-----|-----|-----|-------------------|
| SUBSCRIBED CAPITAL | ... | ... | ... | ... | £2,000,000 |
| PAID-UP CAPITAL | ... | ... | ... | ... | 1,000,000 |
| TOTAL FUNDS IN HAND | ... | ... | ... | ... | 3,861,000 |
| TOTAL INCOME, OVER | ... | ... | ... | ... | 718,000 |

Directors.

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Manager of Fire Department—F. J. MARSDEN.

Actuary and Secretary—T. G. C. BROWNE.

Bankers—Messrs. MARTIN & Co., 68, Lombard Street.

LAW COURTS BRANCH—21, FLEET STREET.

Branch Manager—RALPH P. HARDY.

Bankers—Messrs. CHILD & Co., 1, Fleet Street.

LIFE DEPARTMENT.

The last Quinquennial Valuation was made on the basis of the Institute of Actuaries' (H.M.) Table of Mortality and 3 per cent. interest. The Valuation was strictly a net premium one, the whole of the loading being reserved.

FEATURES OF LIFE POLICIES.

PAYMENT OF CLAIMS is generally made immediately after proof of death and title.

A GUARDIAN Policy of 5 years' standing can be revived within thirteen months on payment of the premiums overdue and a fine, no evidence of health being required.

A GUARDIAN Policy of 5 years' standing is free from all restrictions as to foreign residence and travel, provided the life assured has attained the age of 30, and has not previously exceeded the free limits, nor is in the military, naval, nor mercantile marine services.

Forfeiture of a GUARDIAN Policy on account of Suicide is limited to thirteen months.

A GUARDIAN Policy is indisputable on the ground of any *bond fide* error in the proposal after the age has been admitted.

The GUARDIAN issues, when required, special forms of Trust Policies for Wife and Children.

The GUARDIAN system of Paid-up and Non-Forfeiture Policies gives ample protection to Policy-holders who from any cause cannot continue their periodical payments.

LOANS are granted on Life Policies to nearly the amount of the Surrender Value.

LIFE FUND (1883), £2,217,000.

LIFE INCOME, £281,000.

FIRE DEPARTMENT.

Insurances Effected upon Property at Home and Abroad at Moderate Rates.

FIRE FUND (1883), £457,000.

FIRE INCOME, £381,000.

The Capital and Counties Bank, Limited.

ESTABLISHED 1834.

Subscribed Capital, £2,000,000.

Paid-up Capital, £400,000. Reserve Fund, £300,000.

Directors.

EDWARD ATKINS, Esq.
THOMAS BAILY, Esq.
ALBERT BURGESS BROOKS, Esq.
HENRY WILLIAM COBB, Esq.
CHARLES PHILIP LE CORNU, Esq.
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JOHN REID, *Secretary.*

J. J. MACDONALD, *Chief Accountant.*

METROPOLITAN BRANCHES.

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LUDGATE HILL, 25, Ludgate Hill.

OXFORD STREET, 68, Oxford Street.
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COUNTRY BRANCHES.

Aldershot
Alresford
Alton
Andover
Basingstoke
Bradford-on-Avon
Brighton
Brighton, West
Bristol
Burgess Hill
Caine
Chichester
Chippenharn
Corsham

Cowes
Devizes
Dorking
Emsworth
Fareham
Gosport
Guildford
Hastings
Havant
Highworth
Hungerford
Jersey
Landport
Malmesbury

Marlborough
Melksham
Newport, I.W.
Odiham
Petersfield
Pewsey
Portsea
Portsmouth
Reading
Redland (Bristol)
Romsey
Ryde
Salisbury

Sandown
Shanklin
Southampton
Southsea
Swindon
Do. New Town
Trowbridge
Ventnor
Warminster
Westbury
Winchester
Woolwich
Wootton Bassett

CURRENT ACCOUNTS opened in London on terms usual among London Bankers. Where inconvenient for customers to maintain a remunerative balance, a moderate Commission is charged.

DEPOSIT RECEIPTS issued in London, and Interest allowed at rates as advertised from time to time, or for fixed periods and rates as may be agreed upon.

At the Country Branches, Current Accounts opened, Deposit Receipts issued, and all other Banking business transacted on the usual terms.

Approved Bills discounted, and Loans made upon Securities.

Dividends and Coupons collected.

Circular Notes and Letters of Credit can be obtained payable in the principal Cities and Towns of the Continent, and Letters of Credit are issued payable in New Zealand, Australia, and elsewhere.

Facilities given for the transmission of money between London and the Towns where the Company has Branches.

The Agency of Foreign and Country Banks is undertaken.

Investments in and Sales of Home and Foreign Securities effected.

The Officers of the Bank are bound to secrecy.

London & South Western Bank, LIMITED.

Capital £1,000,000, In 20,000 Shares of £50 each.
Paid-up Capital, £300,000.
Reserve Fund, £35,000.

Directors :

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W. FRANKLIN Esq.
W. M. MACKENZIE, Esq.

G. N. MARTEN, Esq.
SIR G. R. PRESCOTT, BART.
H. WETHERED, Esq.

Joint General Managers :

GEORGE T. GOODINGE AND WILLIAM HERBAGE.

Assist. Manager—JOHN LISCOMBE.

Branch Inspector—JOHN WILLIAMS.

Head Office :—7, FENCHURCH STREET, E.C.

West End Branch :—27, REGENT STREET, S.W.

ACTON ... High Street.
ADDISCOMBE ... Lower Addiscombe Rd.
ANERLEY ... 135, Anerley Road.
BALHAM ... 17, Ramsden Road.
BATTERSEA ... Battersea Park Road.
BERMONDSEY ... 159, Old Kent Road.
BOW ... 90 & 92, Bow Road.
BRIXTON, North ... 275, Brixton Road.
BRIXTON, South ... 451, Brixton Road.
CAMBERWELL ... 250, Camberwell Road.
CAMDEN TOWN ... Park Street.
CHISWICK ... High Road.
CLAPHAM ... Clapham Common.
CLAPHAM JUNC. ... 3, Garfield Terrace.
CROYDON ... North End.
EALING ... The Broadway.
FINSBURY ... 82, Finsbury Pavement
FINSBURY PARK ... Finsbury Park Bldg.
FOREST GATE ... 3, Romford Cross.
FOREST HILL ... High Street.
HAMPSTEAD ... High Street.
HARROW ROAD ... 6, Sutherland Gardens.

HENDON ... The Institute.
HIGHGATE ... High Street.
HOLLOWAY ... 403, Holloway Road.
KENTISH TOWN ... 228, Kentish Town Rd.
KILBURN ... Station Road.
LOWER NORWOOD ... 435, Norwood Road.
NOTTING HILL ... 137, Ladbroke Grove.
PECKHAM ... High Street.
POPLAR ... 193, E. India Dk. Rd.
PUTNEY ... 127, Upper Rd., Richmond.
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SOUTH NORWOOD ... High Street.
STEPNEY ... 368, Commercial Rd.
STREATHAM ... Streatham Road.
SYDENHAM ... Bank Buildings.
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UPPER NORWOOD ... Westow Hill.
WANDSWORTH ... Bank Buildings.
WEST BROMPTON ... 202, Fulham Road.
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BRISTOL. | HONITON. | OTTERY ST. MARY. | SIDMOUTH.

Current Accounts are opened on the terms usually adopted by Bankers. In cases where a remunerative balance is not maintained, a small charge for commission is made.

Deposits of £10 and upwards are received, subject to seven days' notice of withdrawal, and interest is allowed thereon at the current rate of the day. Deposits are also received for fixed periods, according to arrangement.

Money can be paid in at the Head Office, or at any Branch, for Customers' Accounts.

The Agency of Country and Foreign Banks is undertaken, and every description of Banking business is transacted.

Investments and Sales of all descriptions of British and Foreign Securities, &c., are effected, and Dividends and Military and other Pay and Allowances are received.

Drafts on Demand, Circular Notes, and Letters of Credit are issued.

The Officers of the Bank are bound not to disclose the transactions of its Customers.

LONDON & COUNTY BANKING COMPANY

LIMITED.

Established in 1836, and Registered in 1880 under "The Companies' Acts, 1862 to 1879."

CAPITAL £8,000,000, IN 100,000 SHARES
OF £80 EACH.

| | | | | | |
|-----------------|-----|-----|-----|-----|------------|
| Paid-up Capital | ... | ... | ... | ... | £2,000,000 |
| Reserve Fund | ... | ... | ... | ... | £1,000,000 |

HEAD OFFICE: 21, LOMBARD STREET.

Head Office Manager :—WILLIAM HOWARD, Esq.

Deputy Manager :—JOHN EDWARD BAGULEY, Esq.

Secretary :—GEORGE GOUGH, Esq.

The London & County Banking Company, Limited,

Opens DRAWING ACCOUNTS with Commercial Houses and Private Individuals, upon the plan usually adopted by other Bankers.

DEPOSIT ACCOUNTS.—Deposit Receipts are issued for sums of Money placed upon these Accounts, and Interest is allowed for such periods and at such rates as may be agreed upon, reference being had to the state of the Money Market.

CIRCULAR NOTES and LETTERS OF CREDIT are issued payable in the principal Cities and Towns of the Continent. Letters of Credit are also issued payable in Australia, Canada, India, China, the United States, and elsewhere.

The Agency of Foreign and Country Banks is undertaken.

The *Purchase and Sale* of Government and other Stocks, also of English and Foreign Shares, are effected. *Dividends, Annuities, &c.*, are received for Customers of the Bank.

Great facilities are afforded to the Customers of the Bank for the receipt of Money both from and in the Towns where the Company has Branches.

The Officers of the Bank are bound not to disclose the transactions of any of its Customers.

By Order of the Directors,

W. McKEWAN, *General Manager.*



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SAMPLES FREE ON APPLICATION.

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ESTABLISHED 1851.

29 & 30, SOUTHAMPTON BUILDINGS, CHANCERY LANE, LONDON.

THREE per CENT. INTEREST allowed on DEPOSITS, repayable on demand.
TWO per CENT. INTEREST on CURRENT ACCOUNTS calculated on the minimum monthly balances, when not drawn below £50.

The Bank undertakes the custody of securities of customers, and the collection of Bills of Exchange, Dividends, and Coupons. Annuities, Stocks and Shares purchased and sold, and advances made thereon.

Letters of Credit and Circular Notes issued for all parts of the world.

The utmost facilities are afforded to those keeping Accounts with the Bank for the receipt and payment of Annuities, and for the transmission of money to the Colonies, the Continent, and America. The Bank acts also as Agents for receiving the Pay and Pensions of Officers of the Army and Navy, and their Widows and Children, at home or abroad.

ABSTRACT OF THIRTY-SECOND ANNUAL BALANCE SHEET, MARCH, 1884

| | |
|---|------------|
| Amount at Credit of Current and Deposit Accounts | £2,684,773 |
| Investments in the English Funds and other Convertible Securities, and Cash in hand | £2,712,980 |
| Permanent Guarantee Fund, invested in Consols | £80,000 |
| Amount of Assets in excess of Liabilities | £166,967 |
| Number of Current and Deposit Accounts | 38,169 |

The BIRKBECK BANK accepts neither personal security for advances, nor discounts bills for customers, except with collateral security; so that it enjoys an immunity from losses unknown to either joint-stock or private banks. The Bank has no Branches or Agents. All communications should be addressed to

FRANCIS RAVENSCROFT, *Manager*.

The BIRKBECK ALMANACK, with full particulars, on application.

January 1st, 1885.

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OR,

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E. V. C.

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and entailing great responsibilities upon, our Home Government.*

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With an Appendix containing the Recent Decision of the Supreme Court of the United States, and the Dissenting Opinion upon the Legal Tender Question.

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JOHN MURRAY, Albemarle Street, LONDON.

The Council of the Institute of Bankers desire it to be distinctly understood, that Authors alone are responsible for the contents of their Papers, both as to matters of fact and of opinion, and, also, that the Institute accepts no responsibility for the opinions which may be expressed in the various discussions.

BY ORDER OF THE COUNCIL.

CALENDAR FOR SESSION 1884-85.

OCTOBER, 1884.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

NOVEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

DECEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | 31 |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JANUARY, 1885.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

FEBRUARY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|--|
| Sunday | ... | 1 | 8 | 15 | 22 | |
| Monday | ... | 2 | 9 | 16 | 23 | |
| Tuesday | ... | 3 | 10 | 17 | 24 | |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

MARCH.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | 31 |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

APRIL.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

MAY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Friday | ... | 1 | 8 | 15 | 22 | 29 |
| Saturday | ... | 2 | 9 | 16 | 23 | 30 |
| Sunday | ... | 3 | 10 | 17 | 24 | 31 |
| Monday | ... | 4 | 11 | 18 | 25 | |
| Tuesday | ... | 5 | 12 | 19 | 26 | |
| Wednesday | ... | 6 | 13 | 20 | 27 | |
| Thursday | ... | 7 | 14 | 21 | 28 | |

JUNE.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JULY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

AUGUST.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | 31 |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

SEPTEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

The Dates of Meetings are distinguished by *large black figures*.

The Institute of Bankers,

2, ST. MICHAEL'S HOUSE,

CORNHILL, E.C.,

LONDON, *May*, 1885.

NOTICES TO MEMBERS.

THE ANNUAL GENERAL MEETING

WILL BE HELD IN THE

THEATRE OF THE LONDON INSTITUTION,

FINSBURY CIRCUS, E.C.,

ON

WEDNESDAY, MAY 20th, 1885,

At 6 p.m.

The eighth ORDINARY MEETING will be held on May 20th, at the close of the Annual General Meeting, when a Paper on "The Ratio a Banker's Cash Reserve should bear to his Liability on Current and Deposit Accounts, as exemplified by the London Clearing Joint-Stock Banks, and on the Relation of the Clearing Banks to the Bank of England," will be read by W. I. ARTHURSON, a Fellow of the Institute.

THE Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institution, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the *Journal*, or by advertisement in the principal papers about one week before each meeting. Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the Ordinary Meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interest to the Profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the Profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the *Journal* as the Council may determine.

If not out of print, *members* may obtain a *single* copy of each of the back numbers of the *Journal* at the reduced price of 1s. each. A few volumes bound in morocco, can be obtained at 15s. each volume.

The *Journal* is for the present published in eight consecutive months, namely, from December to the June following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, Members are especially requested to inform the Secretary, without delay, of any change in their Addresses.

THE LIBRARY.

The Council request the attention of Members to the following list of works, which, among others, are required in the Library :—

Economist. Volumes prior to 1856.

Bankers' Magazine, Vols. XVII.—XXXIV.

Journal of the Statistical Society. Vols. prior to 1874.

Early copies of the London Directory.
Banking Almanac prior to 1861, and for 1878.
The Annual Register.
Hansard's Parliamentary Debates.
Tooke's History of Prices.
Lord Overstone's Select Tracts on Currency, &c.
British Association Reports.
Ruding's Annals of the Coinage.
Vaughan's Discourse on Coins and Coinage.
Patrick's Records of the Coinage of Scotland.
Kenyon's Gold Coins of England.
Anderson on Commerce.

ELECTIONS.

The following is the list of those elected at the April meeting of the Council :—

ASSOCIATES.

| | |
|-------------------------------|---|
| JAS. THOMAS BALL | Queensland National Bank, Charleville, Queensland. |
| GEORGE PARKER | Messrs. Smith, Ellison & Co., Gainsborough. |

ORDINARY MEMBERS.

| | |
|----------------------------------|---|
| HERBERT COOPER | Capital & Counties Bank, Calne. |
| WALTER MUNDY DARE | Union Bank of London, Holborn Circus, E.C. |
| MAURICE DOBSON | London & County Bank, Lombard Street. |
| HARRY KITCHEN | Manchester & Liverpool District Bank, Crewe |
| GEO. RICH | Capital & Counties Bank, Calne. |
| THOS. HENRY SHEPLEY | Manchester & County Bank, Chapel-en-le-Frith. |
| GEORGE TOD | Messrs. Melville, Evans & Co., Lombard Street. |

The Institute of Bankers.

MAY, 1885.

R. B. MARTIN, Esq., M.P., President, in the Chair.

ASSAYS.

By MR. W. CHANDLER ROBERTS, F.R.S.,

Professor of Metallurgy, Royal School of Mines, Chemist and Assayer of the Mint.

[Read before the Bankers' Institute, Wednesday, April 15th, 1885.]



THE weight of gold bullion imported during the past year is, according to the Custom House returns, 2,776,167 ozs., and its value is £10,744,408, while the weight and value of the metal exported are respectively 3,048,707 ozs. and £12,012,839. In America the average annual production of gold is about 1,612,500 ozs., but in that country the Government assumes direct responsibility for the assay of bullion, and during the past year about 1,288,313 ozs. of gold were melted in the various mints and assay offices, and cast into ingots, which were impressed with marks indicating authoritatively their weight and fineness. These figures are alone sufficient to indicate the importance of the question I have been requested to submit to the Institute of Bankers. The *weight* of precious metal, however, would afford very imperfect evidence of its value, as it may be associated with more or less base metal, and the value of the mass must either be deduced from the amount of precious metal it contains, or a calculation has to be made as to the amount of a given "standard" of purity which the pure metal in the mass is equivalent to, irrespective of the gross weight.

The necessity for some indication of value, other than that afforded by weight, was well expressed by an accurate political economist of

the 17th century, Rice Vaughan, who, writing in 1675, observes* "There is no measure so fit to them (gold and silver) as weight, but it was speedily found and discovered that weight alone was not a sufficient measure for them by reason that they are subject to mixture, and therefore there was an examination made of the pureness of them, and a mark impressed upon them to show that they were approved." In modern times such implicit trust is placed by merchants and bankers in the "marks impressed" on bullion, or in the assay reports which indicate its value, that the importance of extreme accuracy in respect to the fineness of bullion is but little thought of, and the art of assaying is no longer considered, as it was in the 17th century, to be "a subject fit for the study and practice, not only for all goldsmiths," so many of whom were at that time bankers, "but for all gentlemen,"† apart from their direct interest in commercial transactions. An additional reason for the indifference with which assays are regarded may be found in the fact that a "treble" assay report indicating the value of an ingot worth £800 may be obtained for 4s. 6d., while a gold assay for the trade requirements of jewellers costs 6d. In the early days of the commercial history of the country assaying was viewed in quite a different light. It was recognised as an important art or "mystery," its practice was guarded with much solemnity, and the standards of fineness, to which final reference was made, were kept on the altar tomb said to be that of Hugolin, King Edward the Confessor's Chancellor of the Exchequer, in the Pyx Chapel of Westminster Abbey.

The assay of coin and bullion is important enough, but the question has wider interest when the value of a small amount of precious metal hidden in a mass of associated minerals, or earthy materials, is indicated by an assay. This is the aspect of the question which directly affects the public, because the reports of such assays are generally the main features of the prospectuses of mining or metallurgical operations, and it is therefore important that assay reports should convey accurate impressions to those to whom such prospectuses appeal, and whose capital may be at stake.

In this wider sense assaying is merely a rapid method of chemical analysis, specially adapted for the elimination of one or two elements of special value from a mass of heterogeneous associates, and in the case of gold and silver it is capable of a degree of precision which is admitted to be remarkable even by chemists who are familiar with the details of ordinary analysis. This fact is well illustrated by the possibility of assaying with accuracy the amount of gold in an auriferous deposit, even though a ton of the deposit only contains 1 dwt., that is, one part in about four or five millions by volume. Much depends on the skill and conscientiousness with

* "A Discourse of Coin and Coinage," p. 12.—London, 1675.

† "A New Touchstone for Gold and Silver Wares," p. 31.—London, 1679.

which the samples submitted to assay are taken, but if this has been done with care, the actual results of the assay will probably be trustworthy. It should be added that, in the case of ores, the operations of assay often afford valuable indications as to the method of metallurgical treatment which should be adopted, so that exceptional importance is imparted to the skill of the assayer. This leads me to point out that neither gold nor silver occur in nature in a high degree of purity, except in rare instances, such as is presented by the remarkable deposit of gold recently discovered at Mount Morgan in Queensland. The precious metals are almost always associated either with each other or with other metals. They are, in fact, found as natural alloys of more or less complexity, and it may be well at the outset to remove misconceptions as to the meaning of the word alloy, which in Mint language is different from that ordinarily accepted in scientific phraseology, as it is applied to the base metal added to a more precious one, and not to the mass, which may be either molten or solidified, of the mixed metals. The use of the word has been fostered by the way in which it has, from time to time, been employed in ordinances that have regulated the composition of the coin, and in the indentures made between the Sovereign and the Master of the Mint. It has also been perpetuated by the first schedule of the Coinage Act, 1870, the legislative enactment which guides the currency at the present time. The earliest of these ordinances extant, that given by King Edward I. to Gregorie Rokesley, prescribes that a pound of silver money shall contain "11 ounces, 2 easterlings (dwts.), and 1 farthing of silver, and the other 17 pence 8 farthings to be lay,"* that is "alloy." Biringuccio, one of the first of the accurate metallurgists, used the word with perfect accuracy in the 16th century. "I have told you," he says,† speaking of the gold alloys, "that an alloy only signifies an intimate association (*damicabile amicitia*) of one metal with another." This perversion of the word alloy has led to a singular method of regarding masses of gold and silver in admixture with each other or with other metals, in virtue of which the words gold and silver are transferred to the alloy, or, as Snelling,* an authority on the computation of the value of bullion, observed in 1766, "by the word *silver* we understand not only the metal so-called pure and unmixed, but also when in a mass with copper; and if but one-half, two-thirds, or any other proportional part be silver, yet the whole bears that name. The same is to be understood of *gold* when by itself or in a mass with silver and copper together, or with either of these alone." The relation of this peculiar view of an alloy to the system of computing the value of

* Ruding, Vol. I., p. 192.

† "De la Pirotechnia," Original Edition, p. 73.—1540.

‡ "Doctrine of Gold and Silver Computations," by Thomas Snelling.—London, 1766.

bullion will be traced subsequently. I must first consider briefly the nature of the method by which the work of assaying is conducted.

Its main outlines may be indicated as follows. When lead is melted with free access of air, a readily fusible substance forms upon its surface. This substance may be allowed to flow away, or, if the metal is contained in a suitable porous receptacle, called a cupel, the fusible oxide sinks into this containing vessel; in either case the oxidation of the lead affords a means of separating it from precious or inoxidisable metals, if any be originally present in the lead. I found lead in certain ancient ornaments both of gold and silver, which Dr. Schliemann asked me to analyse, and Pliny teaches that the Roman metallurgist used lead for the purification of gold and silver, for he says, "*excoqui non potest, nisi cum plumbo nigro aut cum vena plumbi.*"

Geber, the Arabian, who wrote in the 8th century, gives, if mediæval translations of his works are to be trusted,* a sufficiently accurate description of the process to enable it to be conducted at the present day with no other aid than his; but it must be remembered that it was the object of the alchemists to distinguish silver from gold, and to isolate the metals, rather than to determine the amount of one metal present in admixture with another. Geber calls the process of cupellation the trial of the *cineritium*, and he points out, in the course of a description that deserves to be reproduced here, that "there are two bodies perfect, abiding the trial, to wit, *sol* (gold), and *luna* (silver). Take," he says, "sifted ashes or calx, or powder of bones of animals calcined . . . moistened with water, and make the mixture firm and solid with your hands, and, in the midst of it, worked into a round flattish lump, make a round and smooth hollowness, and upon the bottom of it strew a small quantity of glass beaten to powder, which lay to dry. When dry put your metal into the hollowness thereof, which you would try to prove, put coals of fire upon it, then blow with bellows upon the surface till the metal flows: upon which, being in flux, cast part after part of lead, and blow with a flame of strong ignition;" this is to be continued "until the lead is vanished," and precious metal is left "still or quiet, and you see it clean and clear in its superficies," that is, the lead has dissolved the oxides of the base metals, and has carried them into the cupel, leaving the gold or silver, or an alloy of both, in the form of a button on the cupel.

This operation, as described by Geber, would more nearly correspond to a refining operation conducted on a large scale, with a view to the extraction of silver from lead, rather than to the method of assay as practised at the present day on a few grains of metal.

The method of conducting assays, on what would at the present day be considered to be a very large sample of metal, seems to have

* There is a good English edition of the 17th century, "The Works of Geber," translated by R. Russell.—1686.

been held to be necessary in the 12th century, for in the official trials of the coin in the time of King Henry II., 1154–89, the “Miles Argentarius” and the “Fusor”* are instructed to take, before the Barons of the Exchequer, a pound of “twenty solidi” of the coin, which they are to place on a “*vasculum ignitorum cinerum quod in fornace est.*” The metal resulting from the trial is then weighed, and the amount it has lost is noted, and if it is considered that the result of the trial is inaccurate, or, “too much metal has been lost, say by the boiling, or by being carried off in the lead” [*illud quasi plus justo consumptum fuerit ignis scilicet exastuatione vel plumbi infusione*], then it is to be repeated.

The amount of metal which has, for at least two centuries, been taken for assay is 12 grains troy, and this weight, which is known as the “assayer’s pound,” has the same number of divisions as the troy pound; the fineness of any given weight of metal is, therefore, indicated by the results of an assay, without tedious calculation. It has been shown that the process was officially recognised in this country in the reign of Henry II., and in France the first official mention of it occurs about the year 1314. It is the only method of assaying silver practised at the present day in the English Mint, although another method is used for verifying the composition of its alloys.

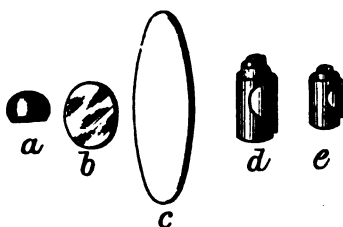
The point to bear in mind at this moment is, that if the silver has been associated only with readily oxidisable metals, especially copper, as is usually the case when silver coins are assayed, then it only becomes a question of providing the amount of lead necessary to furnish, by oxidation, sufficient litharge to dissolve the oxides and carry them away. If, however, the silver is associated with gold, the latter metal resists oxidation, and will remain on the cupel with the silver, for—again to quote Geber—it will in “nowise forsake it.” The cupellation stage must then be supplemented by a “parting” operation, that is, the silver must be dissolved away by some solvent which will leave the gold untouched, and for this purpose nitric acid is universally employed. If the silver contains but a minute quantity of gold, the presence of the latter will be indicated by a few specks of brown powder left at the bottom of the vessel in which the silver is dissolved; if, however, the silver contains about one-third of its mass of gold, and has been extended into a strip, the gold will remain after the action of the acid, as a coherent band, retaining the original form of the strip, but much reduced in volume. This action of nitric acid on an alloy of gold and silver was certainly known to Geber and the early alchemists, but the first official mention of the use of the parting assay appears to be in a decree of Philippe de Valois,† in the

* Quoted by Lowndes, “Essay for the Amendment of the Silver Coins,” p. 155 (London, 1695), from the Black Book of the Exchequer, written in the time of Henry II., cap. 21, *Officium Milites Argentarii et Fusoris*.

† Boizard, “Traite des Monnoies,” p. 176.—1692.

year 1343, confirming its use in the French Mint. The assay methods for silver and gold are analogous, in so far that both are purified by the action of a solvent, but the base metals are removed from silver by fused litharge, while in its turn silver is parted from gold by nitric acid. There is, then, this difference between the assay of gold and silver. In the case of the cupellation assay of silver, the button of metal has only to be removed from the cupel, and when the adhering bone ash has been removed by a brush, it passes direct to the balance.

The process would also be sufficient for gold, if it contained no other precious metal; when, however, the problem is to ascertain by assay how much gold is contained in an alloy, which may contain silver, or platinum, and other metals of similar properties, then care must be taken that the amount of gold believed to be present in the alloy does not exceed the one-third part of the mass, as a larger proportion of gold would protect the alloy from the solvent action of the acid, and the greater the amount of gold the less perfect would be the attack of the acid. In any case the first stage of assaying a gold alloy, say a sovereign, is to melt it with such an amount of silver as shall yield a button containing rather less than one-third of its weight of gold.



(Scale about one-half.)

For the sake of convenience, and for the incidental advantage that the solvent action of fused litharge removes copper and other impurities, the first stage of the assay of gold is conducted on a cupel, the object to be attained being mainly to secure a button (*a*) of gold and silver in a convenient form for submitting to the subsequent operations. The alloying stage would, however, be just as effective if it were conducted in a small non-porous receptacle, such as a small crucible of glazed porcelain.

The subsequent operations are, flattening the button (*b*), annealing it, rolling it into a strip (*c*), and annealing it a second time. It is then coiled into a spiral, or cornet (*d*), and treated by two successive portions of nitric acid, in order to remove the silver; after this the spiral of spongy gold (*e*), which retains the original form given to the silver-gold alloy, is heated to redness, when it becomes bright, and is sometimes so coherent that it may be unrolled without fracture.

It only remains for the assayer to weigh the cornet on a delicate balance and to compute the fineness of the metal he is operating on from the weight he obtains, but there are several methods of stating the results. The more ancient of these arises out of the peculiar view of an alloy to which I have already referred, which leads the assayer to consider it as so much pure metal, and so much base or alloying metal, and causes him to compute from the results of his operations how much of one definite standard mixture is present, or, again to quote Snelling:—"This is the reason that inquiries are not made, what quantity of fine gold or fine silver is contained in any mixture, which seems to be the most natural inquiry, but how much standard it holds." Thus it is that "the Assay Master, in reporting the result of an assay, does not give the absolute fineness or the quantity of fine silver or fine gold present, but only the relative quantity or fineness, that is, how much the mixture is more or less than standard. In the case of gold of 20 carats fine (or 20 parts of pure gold in 24 parts of the alloy) the assayer puts down Wo. ^{car.} ij.,

and if it is 23 carats $3\frac{1}{4}$ grains fine, he puts down Br. ^{car. gr.} j. ^{ob.} ij.

The last sign represents an obulus or half of a carat grain, but in modern times the final division has been $\frac{1}{10}$ th of a carat grain. The close analogy of the "carat and grain" method of reporting to a medical prescription will be evident at once, for if it were possible for a doctor to prescribe gold and copper, compounded in the proportion of 22-carat gold, he would, I believe, write:—

R

Auri $\frac{3}{4}$ xxij.

Cupri $\frac{3}{4}$ ij.

M. Sec. Art.

The appearance of the assay report, and the prescription, with its invocation to Jupiter, suggest their descent from the time of the early chemists, with whom both assaying and therapeutics originated, and it may be urged that in the case of prescriptions there is no necessity for their being intelligible to the recipient of the prescribed compound, which cannot be said of the assay report representing bullion; but however this may be, another old writer has observed, with reference to this system of reporting, "Assayers have long been accustomed to make these reports in characters not generally understood, but which it is to be hoped will ere long give way to a more simple intelligent form," and he adds, "It seems strange that such ambiguity should have been countenanced so long in an age which prides itself for the love and promotion of reciprocity, especially in transactions of the first consequence to trade; for by these reports not only the due proportions in mixtures for the purposes of manufacture are adjusted, but the value of all

bullion determined in our foreign and internal commerce."* This writer can hardly have expected that the system could be found in full vigour nearly a century after he wrote.

The cumbersome nature of the system will be evident, but it should be pointed out in its defence that "the quantity of 'betterness' or 'worseness' in an ingot being added to or subtracted from the weight of it, gives the quantity of standard metal contained in it," and therefore the "betterness" or "worseness" affords a ready means of calculating the amount of copper or gold required to standardise the whole. Further, if a number of ingots of varying weights and fineness have to be dealt with, a similar result will be arrived at by taking the algebraical sum of the several products of their weights and "betterness" or "worseness." These advantages, however, only apply to individual calculations.

From the point of view of convenience or accuracy in recording the results of the operations of assaying, the carat system is not found to present any difficulty when the operator is familiar with its use. It should further be pointed out that the system is very convenient to those who are accustomed to conduct commercial transactions in the precious metal on the basis of the alloy known as standard gold; but it has the disadvantage of being unintelligible to those who employ the decimal system, and who are, therefore, in the habit of mentally referring to pure gold as 1,000. It is even found wanting in clearness by many who are conversant with the ordinary operations of coinage or bullion transactions. For instance, the meaning of "Worse $0\frac{1}{2} + 1$ "† as the assay report of an ingot is at least obscure, while the equivalent statement that the standard fineness of the ingot is 900 at once suggests that 1,000 parts of the metal contain 900 parts of gold.

Efforts to abolish the old system have not been wanting. The Standards Commission recommended, in 1870,‡ that in all statements of assays of gold and silver bullion, upon which any legal contracts can be based, the millesimal or centesimal system of assay be substituted for the grain and carat system. The Commission had the important evidence of the Master of the Mint (the late Professor Graham) that the substitution of the metric system of weights for the troy system, and of the decimal system of assay for the grain and carat system, would be attended not only with no difficulty as regards the Mint, the Bank of England, and the bullion trade, but with advantage to the public.

Mr. G. Forbes, however, who was then Chief Cashier of the Bank of England, objected to the use of the millièrne system as it involved the use of a recurring decimal 916·666. He stated that at that time

* W. J. Alldridge, author of "The Goldsmith's Repository." p. xiii.—London, 1789.

† See Note A, p. 255.

‡ Third Report, p. v.—1870.

the decimal report was not adopted at all in this country, although it was used in countries where the metric system of weights and measures was in force. In America they had also adopted the decimal system of millièrne report. Mr. Forbes said that taking the millièrne report in its real meaning, millièrne means that the report is to the thousandth part, whereas in France the report goes to the ten thousandth part. He did not think such accuracy could be practically attained, as he had caused twenty bars of gold to be assayed to tenths of a millièrne by five assayers, and the results appeared to point to the conclusion that any method which aims at reporting closer than half a millièrne is not to be depended on.

In 1870 the Governors of the Bank of England directed that the decimal report, expressed to the $\frac{1}{3000}$ th (the third of a millièrne), should alone be given, and this decision was probably based on the belief that the results of the process of assaying did not admit of a higher degree of accuracy, and the view was supported by a certain amount of experimental evidence, more especially by the discrepancies in the results obtained on the same ingots by different assayers, to which Mr. Forbes alluded. With reference to this point, I have no hesitation in saying that different assayers working on the same ingot of gold should not differ by more than a range of $\frac{2}{10000}$ ths. If they do differ by more than this fraction, it is because a different standard of reference is employed by the several operators, and the efforts made by the Assay Department of the Mint of late years to introduce a common standard of reference, by providing the fine gold trial plate, prepared in 1873, have done much to remove the cause for variations. The question of controlling the results of assaying is, however, very technical in its nature, and has therefore been specially dealt with in a note appended to this paper.*

Any doubts as to the desirability of adopting the decimal method of reporting assays in the bullion transactions between the Mint and the Bank of England were set at rest in August, 1882, when, as the result of representations made by the Deputy Master of the Mint, the Court of Directors of the Bank resolved, "That all bar gold, against which the bank shall in future issue notes, under the Act 7 and 8 Vict. cap. 32, shall be rated on assays expressed in ten thousandths instead of three thousandths," and on the other hand, the cumbersome system of "betterness" and "worseness" was at the same time abandoned in the Mint, and the result has been the saving of much unnecessary labour in computing the value of bullion. It now only remains to consider the retention of the ancient system in commercial transactions. The question has often received careful attention. In 1869 Mr. F. D. Mocatta, in a letter to Professor Graham,† says that after consulting some of the leading importers and exporters it appeared to

* See Note B, p. 255.

† Third Report of the Standards' Commission, Appendix, p. 148.—1870.

him that the large and frequent contact with France and other Continental countries has rendered the houses who have the largest dealings in gold and silver familiar with the expressions *millièmes* of assay. Especially as regards reports of assay, the transition would be but small, since for some years past it has always been customary to give the assayer's report in *millièmes* as well as in carats, grains, or pennyweights. The decimal fraction, however, brings the report to a rather nearer point than the system at present in vogue, and this being the case to the slight benefit of the seller of such gold or silver, the trifling gain hitherto existing on the reports of the qualities of such metals exported to the continent would cease to be obtained, since these operations are conducted at a remarkably small per centage of profit. Even this little difference would, to a certain degree, prejudice the operation, and thus the exporters would naturally prefer retaining the system now in force, although they would not be likely to offer any resistance to the proposed change. Mr. Mocatta thought that to most of those who are engaged in industrial pursuits a change in the expression of assay would be a source of considerable confusion for a long time to come, and naturally be a subject of complaint, although, no doubt, custom would gradually reconcile them to the change.

In conclusion, I may be permitted to offer a few statements with reference to gold assaying generally. From the point of view of accuracy there is probably not much advance to be made, while as regards changes which would either affect the method of assaying or would facilitate manipulation, it is impossible to predict how far the advance of chemical and physical science may influence even a process that represents the accumulated experience of 400 years, during which time the basis on which it rests has remained unchanged. As regards simplicity in expressing the results of assays required for foreign commercial transactions, I venture to think that the "carat and grain" system should, in all cases, be abandoned in favour of decimal reports.

I trust that the importance of assaying will have been evident from the facts adduced in the Paper ; but I may add as regards the practice of the Mint, about which I have hitherto said but little, that the number of assays made during the past fifteen years in the Assay Department in connection with the coinage of gold and silver amounts to over a quarter of a million, while the actual weight of metal to which they refer is over 1,000 tons of silver, and about 360 tons of gold.

NOTES WITH REFERENCE TO THE OBSERVATIONS ON PAGES 252 AND 253.

Note A.—The expression “Worse $0\frac{1}{8} + 1$,” which will be found on p. 252, demands further explanation. The system of reporting gold assays is founded on an ideal unit, the “carat pound,” which is divided into 24 parts, termed carats. The carat is subdivided into 4 parts, termed “carat grains,” and the grain into 8 parts, but each of these 8 parts is further subdivided into $7\frac{1}{2}$ parts, or “excess grains,” and this brings the final division of the “carat pound” to the $\frac{1}{320}$ th part, and, as the Troy pound also contains 5,760 grains, each *excess grain* of gold beyond the last eighth in the assay report is reported as an “excess grain of gold on the Troy pound.” In the above expression, “Worse $0\frac{1}{8} + 1$,” the $+ 1$ represents one such “excess grain.”

Note B.—An outline of the processes of assaying has already been given (p. 250); the precautions which are adopted with a view to secure accuracy remain to be considered. Inaccuracy in silver assaying mainly arises from loss of silver, which may disappear in small but variable quantities, either by volatilisation or by sinking into the cupel with the litharge. The amount of metal lost varies with the temperature, which is never uniform throughout the muffle; and the results of assays, as indicated by the balance, have, therefore, to be controlled by assays on pieces of metal of known standard, distributed in such a way as to represent the varying degrees of temperature throughout the muffle. The metal lost by any given check-piece is added to the assays in close proximity to it, and, as the amount of metal lost very often amounts to $1\frac{1}{2}$ per cent., the apportioning of the additions to be made demands great skill on the part of the assayer, who has also to decide from the appearance of the buttons whether they had retained lead or not, in which case, they would, of course, be unduly heavy. In gold-assaying, on the other hand, although gold resists the action of molten litharge better than silver does, some precious metal may be lost either by volatilisation, or by retention in the cupel, but the chief sources of error are (1st), solution of gold in the acid used, which would reduce the weight of the cornets, and (2nd), retention of silver by the cornets; but these inverse causes of error may be combined, without neutralising each other. Some means of checking the results must, therefore, be provided, and it would appear that for centuries implicit confidence has not been placed in the indications afforded solely by the assays, as comparisons have invariably been instituted between the pieces of metal taken for assays, and standard trial plates, or pieces of known composition, assayed side by side with the coins, so that any error affecting the coin assays also affects the check pieces, and, therefore, the error can be allowed for.

The trial plates by which silver and gold coin have been tested, possess, it seems to me, an amount of interest that can hardly be over-rated. The oldest of them to which a date can be assigned, is a silver-plate, imperfectly impressed with the dies of a coin of the time of Henry III. (1216–1272). [A diagram of this plate was exhibited.] As, however, any error in the composition of these trial-plates or pieces will be reflected in the result of the assay, it is preferable to use pieces of pure metal corresponding in weight to the amount which the alloys to be tested are anticipated to contain. The corrections to be applied to a gold assay will be readily understood from the following formula:—

- Let 1000 be the weight of alloy originally taken;
 p . The weight of the piece of gold finally obtained;
 x . The actual amount of gold in the alloy expressed in thousandths;
 a . The weight of gold (supposed to be absolutely pure) taken as a check, which approximately equals x ;
 b . Loss or gain in weight experienced by (a) during the process of assay;
 k . Variation of “check gold” from absolute purity, expressed in thousandths;

Then the actual amount of fine gold in the check-piece = $a \left(1 - \frac{k}{1000}\right)$, and the corrected

weight will be $x - \frac{a k}{1000} + b$, (b) being added or subtracted according as it is a loss or gain.

$$\text{If } (a) \text{ be assumed to be equal to } (x) \text{ this equation becomes } x = \frac{p + b}{1 + \frac{k}{1000}}$$

DISCUSSION ON MR. ROBERTS' PAPER.

The PRESIDENT : I am sure we must all be very much obliged to Professor Chandler Roberts for his interesting paper. I regret to say that in consequence of an inadequate supply of gas, and the difficulty of removing the stage below us, it was found impossible to do justice to the intended experimental illustrations, and therefore on May 13th, at 6 p.m., at which time the Inventions Exhibition will be opened, Professor Roberts proposes, subject to the consent of the Committee of Council on Education, to demonstrate the assay of gold and silver bullion, and the assay of coins generally, at the Laboratory of the School of Mines at South Kensington, to which any member of this Institute will be welcomed. It will be easier to give far more satisfactory demonstrations there than here. We must all be obliged to Professor Roberts for his kind offer. No doubt many of us will only be too glad to avail ourselves of the opportunity of seeing those practical demonstrations at the School of Mines. This subject of "Assays" is one in which we as bankers take more or less a personal and practical interest. It is a subject, of course very technical, and one which is somewhat outside the usual province of those who have only to do with the finished article in the shape of sovereigns and half-sovereigns. Professor Roberts in this paper has given a very clear and interesting idea of the process of assaying, and one which we shall all be very glad to have heard, and which we shall all be glad to study at our leisure. I should like to ask Professor Roberts to tell us in his reply what "Worse 0 1½ + 1" represents. Professor Roberts has brought out very clearly the important point to bankers—the great necessity of an absolutely fixed standard of purity, and has shown the importance which has been attached to obtaining this accuracy for so many years past.

Mr. R. G. WEST : I should like to ask Professor Roberts whether it is not a fact that in the solidification of ingots of silver and copper alloy a partial separation of the metals takes place, an excess of silver going to the interior of the ingot and leaving the exterior, from which the sample is necessarily taken, materially less rich. I would also ask whether any allowance for this variation is or can be made in the assay report.

Mr. J. B. MARTIN : Professor Chandler Roberts' Paper which we have heard to-night is very interesting, and is one which if I had had ample time to study, which I had not, I am afraid I should not have entirely understood, owing to the amount of technical knowledge which is necessary for its correct appreciation ; but I can regret on the part of the Institute that we have not had the advantage of the experiments which we expected to witness to-night, because I had the pleasure of listening to an address by Professor Chandler Roberts last year at the Society of Arts, and the experiments which he showed us

there, were all of the most interesting nature, and I strongly recommend any gentleman here present, who has the chance, to avail himself of the invitation which Professor Roberts has kindly extended to the Institute. The Paper is one on Assays, and therefore it is perhaps outside the subject to travel to the question of alloy. The questions of alloy and assay are however so intimately connected that I will venture to make one or two remarks which occur to me, as a banker having to do with the finished article. We bankers, having dropped almost entirely the character of goldsmiths, which we had formerly, are not much concerned with assays. All we look at is that we get a good sovereign; but we know the two main points about alloy of a sovereign which strikes us, and that is that our standard of fineness is different from that of our neighbours. Our fineness is 916·66; the fineness of the Latin Union is 900. And the question has been suggested, is the 900 or the 916·66 standard the best? and I venture to put it to Professor Roberts again, and if he gives us some expression of opinion, as far as he may, as to which is the better standard, it would be of some service to us, because there is no doubt that anything that is done towards unifying the coinage of the world must be an advantage. Then I might also ask him with reference to that burning question which we have had before us so often, and in which I have taken some considerable part, what is the best substance suited for an alloy? because if one intends to increase the longevity of a coin it would be highly desirable to use such alloy. Therefore my two questions are: Have we got the best possible standard of fineness? and next, have we got the best possible alloy? I should like also to ask Professor Roberts to give us some idea of what his own impression or the impression of the authorities as to the accuracy of the figures given in the export and import returns relating to bullion. Bullion seems to come in and go out of the country in so many ways, and in what I may call underground channels. I have as much reluctance in accepting as any authority, the Trade and Navigation returns, or any others, as I have the estimates which have been made by distinguished authorities in this room and elsewhere, of the amount of precious metals consumed for art and manufacture. I think those two totals are subject to the greatest possible amount of deviation and error; and *apropos* of this, I will only venture to trouble you with one further remark, and that is this, that, as many of you are aware, there has been of late a considerable overflow of French gold into this country, owing to the state of the Exchange. I had the curiosity to go through a table showing the amount and number of Napoleons which we individually received in the course of about six weeks from friends of ours abroad. They amounted to three million three hundred odd thousand francs, and their declared value was 600,000 francs. That is to say, if I understand the figures rightly, the returns of the Board of Trade will, as regards that particular error, be wrong to the extent of four times the amount of the nominal

declared value. That is one instance, and I should like to know whether there are not many other instances occurring, and to what extent they may vitiate the accuracy of the returns as to the amount of gold bullion exported and imported, because if they do differ to such a large extent it is obvious that the figures of the exports and imports of bullion are totally untrustworthy.

Mr. HARVEY : Speaking as an individual member of the Council, I wish, if there are any experts here, that we may hear what they have to say, because this subject, although very interesting to bankers, is one which experts only can talk about wisely. I feel much indebted to Professor Roberts for his Paper. It is one I shall take very good care to make myself master of, but it seems to me almost foolish to attempt to discuss a Paper which certainly does require a certain amount of expert knowledge. It is a remarkable thing, and one will be pardoned for drawing attention to it, that Geber, as early as the 13th century, should have practically laid down the conditions under which a successful and accurate assay could be carried out. I should take that as a proof of the painstaking care and of the accuracy of the knowledge of the alchemists. There are one or two questions I should like to put. First of all, is it always clear that a mass of alloy, which, as I understand from the definition given, is a mixture of metal containing gold or silver—is it clear that the mass is so homogeneous that the assayer may be quite certain that a lump taken from one part will fairly represent the constituent of the mass? Then I should like to ask a question with reference to the use of the trial lump which the Professor referred to. I understood him to mean that the assayer knows that a particular lump of alloy, of which he has already had experience, gives certain results of volatisation and chemical results, and he applies that to correct possible errors in the particular lump of alloy he wishes to determine.

Professor ROBERTS : That is so.

Mr. HARVEY : I would like to ask, with reference to Mexico, whether this process of assay is carried out in the Mint there, and is substantially the same as in the old Mint in England ; whether the practical knowledge and care which underlies the whole of the chemical test—is carried out there with anything like the same success and certainty as in the old country. In regard to the decimal system, that is a point which comes home to all of us. I confess, in the little I have studied about the coinage, I have been struck—in working out the arbitrage of coins—by the advantage of always adopting the millième system. It gives much more convenient figures to work with than the actual figures from the “worseness” or “betterness.” Then I have one final question. What is the possible limit of error in an assay ; the error, in short, which would compel the assayer to attempt a second assay of the same lump of alloy? That has, of course, a distinct relation to my first question as to the homogeneity

of any particular lump presented to him for assay; at what point would he feel—"I am not certain that the result of the assay I have now made fairly represents the constitution of the lump; therefore I must take another bit from another part of the same lump." I do not know that I have anything more to say except that this, like many other Papers we have heard, is one we shall do well not only to listen to here, but to read afterwards in our leisure hours.

Professor CHANDLER ROBERTS (in reply): With reference to the question asked by Mr. Martin as to whether the process of assaying gradually increased in accuracy, no doubt there has been gradual improvement from the time of Geber to the present day, but still a high degree of accuracy has been maintained for many centuries. Certain coinages, however, while being well within the "remedy" prescribed by law, were nevertheless, from the modern Mint point of view, not very accurate; because, as has sometimes happened, the "trial-plate," to which final reference was made, was not strictly accurate, and its inaccuracy has been reflected in the coinage made in comparison with it. This point has been developed fully in a series of lectures I gave last year before the Society of Arts, which will be found in their Journal. The trial-plate of 1660 (referring to diagram) was proved by assays made recently to be inaccurate. It should have contained 916.66 parts of fine gold in 1000 parts; but it actually contained only 912.9 parts, that is to say, there was the considerable variation of nearly $\frac{3}{10}$ per cent. from the exact standard. The reason for this inaccuracy I cannot dwell on now. On the other hand, some of the early trial plates were remarkably accurate; but whenever the trial-plate has been inaccurate, even to a small extent, the coins assayed side by side with it, have been inaccurate to the same amount.

Mr. HARVEY: When an inaccurate trial-plate was used were the coins sent out discovered to be inaccurate by the trial of the pyx?

Professor CHANDLER ROBERTS: No, because the same plate was used at the trial of the pyx. The Assay Master of the Mint had one portion of the plate, and the assayer at Goldsmiths' Hall another, and thus reference was made in both cases to the same plate, and the error would not be discovered. The error, therefore, really arose from the fact not being known that a small amount of silver was in some cases retained by the "cornet." The plate was an alloy of gold and copper; silver was added for the reason I have stated in the paper; the process of assay eliminated the copper, and the assayer did not recognise the fact that the retention of silver by the cornet affected the accuracy of the results he obtained. Mr. Harvey also asked whether the assayer really felt any degree of certainty that the piece of metal operated upon represented the entire mass; and that enables me to answer the question of another gentleman. Now, in the case of the alloy of gold and copper there is practically no

segregation of the precious metal. All gold and copper alloys appear to be uniform whether they have been cooled quickly or slowly. There is no special tendency to segregation, and an assay may be trusted within very narrow limits. A little piece taken from the corner of a gold ingot may be assumed to represent the mass; but it is different as regards silver. There is only one alloy of silver and copper which is really uniform, and that one contains 71·8 parts of silver in 100 parts. All the rest of the silver-copper alloys vary in composition in different parts of the mass, and those which contain more silver than 71·8 per cent. are richer internally, while those that contain less are richer externally. It is true that this segregation may be got rid of by cooling the ingots very slowly and with absolute uniformity, but the question of the liquation of silver and copper alloy is of considerable scientific interest, though not of great practical importance. Take half-crowns for instance, there is not the slightest doubt that an assay made on the centre will differ by 1 part in 1,000 as compared with an assay made on a portion of metal cut from the external portions. In the case of an ingot it may amount to 4 or 5 parts in 1,000; but "liquation," or segregation, does not interfere with the accuracy of the gold alloys. I suppose the question as to the method of assaying in Mexico had special reference to the Mexican dollar. I have always found their composition to be trustworthy. Now with regard to the recurring decimal 916·66, this happens to be the decimal equivalent of 22 carats in 24, or $\frac{11}{12}$ ths. Then with regard to the limit of error which would induce an assayer to repeat the assay. It is a little difficult to answer the question, because it so very much depends on the kind of work the assayer is dealing with; but to take my own case: if I was assaying an ingot, and found that two assays differed by half a millièrre, or $\frac{1}{20000}$ ths, I should be inclined to make another assay, while in a case of special importance I should view with mistrust a difference of $\frac{1}{10000}$ ths between two assays. Mr. Martin asked whether there was any objection to an alloy of standard 900. I believe there is no metallurgical objection whatever, and I should be very glad to see this alloy introduced, as it would in some measure facilitate commercial transactions. The only question which could arise is, whether coins of this slightly lower standard would wear as well as those of the one at present in use. So far as experimental evidence goes, there is no sensible difference in the wear of the two alloys. Then the other question he asked was, is an alloy of gold and copper the best alloy for coinage purposes? So far as I know, it is. Other metals might be introduced which might tend to increase the "life" of a sovereign, but their presence would introduce inconveniences, which would far outweigh any advantages that could possibly attend their use; and therefore, although I should be glad to see the exact proportions between the constituent metals of

the alloy changed, I should not like to see the base, or alloying metal in any way altered.

The PRESIDENT : Would it make the coin more brittle ?

Professor CHANDLER ROBERTS : If you were to use minute quantities of zinc, lead or antimony, the coins would be brittle—literally as brittle as loaf-sugar—but it is a singular fact that it is possible to use a comparatively large quantity of zinc without inducing brittleness, although minute traces have the singular property of entirely changing the physical nature of the alloy. With regard to the question of the accuracy of the Custom House returns, I regret that I am not in a position to offer any opinion as to their absolute accuracy. I think I have exhausted the questions put to me.

The PRESIDENT : I will now ask you to join with me in a cordial vote of thanks to Professor Chandler Roberts for his very interesting paper. We have not had a long discussion, but I think that could hardly be expected, for it is scarcely a subject that we could very much discuss ; but the paper is one we shall take home, or study in the pages of the *Journal*, and read with great interest.

UNITED STATES NOTES.

THE literary activity of the Hon. John Jay Knox has been by no means confined to the somewhat voluminous reports he was wont to issue in his capacity of Comptroller of the Currency. Many articles on subjects connected with banking and currency were contributed by him to various publications, some of which have now been collected, and, with much additional matter, form a complete history of the paper money of the Government of the United States. It may be questioned whether either nations or individuals are ever able so to assimilate the knowledge gained from the experience of others as to be able to benefit by it ; but in order to do so it is at least necessary that the information shall be sufficiently exact, and the circumstances sufficiently similar. But little therefore is to be gained for our guidance from the study of histories of currency in any of the Continental nations of Europe. Their social and commercial habits generally differ from our own as much as their languages, and in almost every case their financial systems, as illustrated by the development of banking among them, are very much behind our own. In the United States, however, even more than in our Colonies, we find such similarity of circumstances as to afford some opportunity of profitable comparison. With them, as with ourselves, we find teeming populations in the great commercial centres ; extended commerce, both at home and abroad, and colossal manufacturing industries ; immense wealth, natural and acquired, and a highly developed system of credit and banking.

The history of their Government note issues is almost inextricably mixed up with the history of their national debt, as their only object has been to provide the Government of the time with the sinews of war, or with the means of meeting some financial difficulty. The proper duty of Government in providing and controlling the currency does not appear to have been understood to apply to anything but the coinage ; and paper money, perhaps as being considered rather a disreputable thing, was for long left to be provided generally by disreputable people. Besides the history, then, of the Government note issues, it would be both interesting and instructive if we could have a complete account of those that have been due to private enterprise or audacity. Of many of these, however, the history would probably end almost with their issue.

Strictly speaking, few, if any, of the Government issues made previous to the great civil war were properly to be considered as

bank notes. They were, indeed, generally called Treasury Notes, but they were mostly the form found most convenient for raising a loan to meet a temporary embarrassment. The first issue was made in 1775 and 1776, and was the only means available for carrying on the war, as the United Colonies had no power to institute taxation for that or any other purpose. Whilst admitting its inability to impose taxation, Congress maintained its power to issue paper money on the credit of the whole Union, but in the redemption of which each Colony was to bear its part. The first issue was made in June, 1775, and for a year the notes remained at par; but in two years their value had sunk to one-half; in three years to one-fourth; and in September, 1779, they stood at 20 to 1. In 1780 Congress authorised their redemption in coin at 40 to 1, or their exchange at 20 to 1 for new notes bearing 5 per cent. interest, and payable in six years' time; but it does not appear that the conversion was carried out, as in a year or two more the value of the notes had sunk to 1,000 to 1, and the total loss to the people from this currency was estimated by Secretary Woodbury at \$196,000,000. The experience of this time aroused in the minds of the people so great an antipathy to paper money, that the question of permitting its issue was very generally discussed at the time of drawing up the Constitution. Clauses giving this power to Congress were inserted in some of the early drafts, but were struck out. The eighth clause of the first section of the seventh article of the Constitution, as presented for the consideration of the Convention, provided that "the Legislature of the United States shall have power to borrow money, and emit bills on the credit of the United States." Upon debate the words "and emit bills" were struck out by the votes of nine States against two, and the clause, as finally adopted, reads—"The Congress shall have power to borrow money on the credit of the United States." This would appear almost conclusive upon the question raised from time to time as to the constitutionality of declaring notes to be a legal tender.

From this time forward until the War of Secession in 1861 no issues of notes were made for purposes of currency. Treasury Notes were issued in the period of the War of 1812, in the financial crisis of 1837, in the Mexican War of 1846, and in the financial crisis of 1857. But these were generally merely a form of raising loans, and, with few exceptions, the notes bore interest at 5 or 6 per cent., and had fixed dates of redemption. For example, the issue of 1812, which was limited to \$4,900,000, consisted of notes payable at the Treasury one year after date, and bearing interest at $5\frac{1}{2}$ per cent. per annum, a rate that was chosen apparently for convenience of calculation by the holders, as it amounts to $1\frac{1}{2}$ cents per day on a \$100 note. No notes were issued under this Act of less denomination than \$100, and therefore by an easy calculation their value at any moment might be ascertained. They were thus available to a limited extent as currency,

or formed a gradually accumulating investment as long as they were held. The first notes issued of less denomination than \$100 were under the Act of 1814, which authorised notes for \$20. The Act of February, 1815, authorised the issue and re-issue of notes to the extent of twenty millions, and provided that they might be of any denomination, but such as were of a denomination less than \$100 bore no interest, although they might be funded into 7 per cent. stock, in sums of not less than \$100. This last provision caused the notes to be somewhat sought after, and to be speedily exchanged, so that, as they were re-issuable, the original amount of \$3,392,994 was again and again paid out till it represented stock of the amount of \$9,070,386.

The next currency issue was made in the financial crisis of 1837, at which time out of a total issue of Treasury Notes of \$15,709,801·01, \$1,755,881·96 bore interest at the nominal rate of one mil per cent., or $\frac{1}{1000}$ of 1 per cent. per annum. In 1843, the Treasury issued about \$850,000 of notes bearing the same rate of interest. In 1846, \$7,687,800 of notes were issued, of which \$1,766,450 were at the same nominal rate. From this time to the time of the great civil war all the Treasury Notes bore interest, very frequently at high rates, and must therefore be regarded as investments rather than as currency. Such of the above-mentioned issues as come fairly under the denomination of bank notes may be tabulated as follows. Their amount was small in itself, and formed but an insignificant part of the amounts raised under the various Acts.

| Issue of | Amount. | Interest. | Result. |
|------------|-------------|-----------|--------------------------------|
| | \$ | | |
| 1775-1776. | 242,100,176 | None | Mostly unredeemed. |
| 1815... .. | 3,392,994 | " | Funded. |
| 1837-1838. | 1,755,882 | 1 mil | Presented in payment of taxes. |
| 1843... .. | 850,000 | " | Redeemed. |
| 1846... .. | 1,766,450 | " | " |

From the foregoing statements it will be seen that the history of Government notes as currency must be entirely confined to the issues of recent times, and it was not until the extraordinary dangers of the civil war outweighed all other considerations that the nation authorised the issue of a real paper currency. The first expenses of the war were met by the creation of bonds and Treasury Notes, chiefly at 5 and 6 per cent. interest, and to the extent of about \$251,000,000 ; but after the battle of Bull Run, in July, 1861, the needs of the Government were so pressing, that other means had to be resorted to. The Acts of 17th July and 5th August, 1861, authorised the issue of demand notes bearing no interest, and of denominations not less than five dollars. These notes were declared receivable for public dues, and

redeemable in coin on demand in Boston, New York, Philadelphia, St. Louis and Cincinnati, notwithstanding which, they were received with great disfavour. Railroad corporations refused to take them in payment of freight, and leading banks in New York received them only on special deposit, subject to repayment in the same medium. Specie payments were suspended in December, 1861, at which time \$33,460,000 of these notes were in circulation, and by 1st April, 1862, the whole amount authorised, \$60,000,000, had been issued. They did not remain long in circulation, for as they had been authorised before the suspension of specie payments the Treasury held it obligatory to redeem them in coin on demand, and by 1st July, 1863, nearly the whole amount had been retired. Before this time, however, their place had been filled by the legal-tender notes authorised by the Acts of 25th February, 1862, 11th July, 1862, and the 3rd March, 1863. Each of these Acts authorised the emission of \$150,000,000, making \$450,000,000 in all, but they were not all issued immediately.

By the end of June, 1862, about \$100,000,000 had been put into circulation; by the same time in the following year nearly \$200,000,000 more, and by 30th June, 1864, the amount outstanding had risen to \$431,178,671. No more striking illustration can be afforded of the entire subversion of the ordinary course of life owing to the war, than the extraordinary advance of these few years, not only in the indebtedness of the nation, but in the amount of currency necessary to carry on their daily transactions. The whole demand currency of 1861 consisted of State Bank notes, amounting to about \$202,000,000; in 1862 the total amount of demand notes of every kind was \$333,000,000; in 1863 it was \$560,000,000; in 1864, \$665,000,000; and in 1865, \$750,000,000. Of course it should be noted that these are currency values, and the increase was therefore in part owing to the great advance in prices.

In the Acts of 1862 two innovations of importance were introduced. One was the issuing of notes of smaller denominations; the other, declaring the Government notes to be legal-tender. In this latter point our interest is rather historical than practical, as the questions involved were entirely owing to the federal character of the Union. Still, at the time, this particular feature of the measure was made the principal cause of debate, and really excited far more discussion than the enormous issues it was proposed to sanction. It has since been the subject of litigation, and has been decided in two opposite ways by the Supreme Court of the United States. In December, 1869, the Court decided by a majority of five members to three, that the legal-tender clause was unconstitutional, and therefore void. In January, 1872, the same Court, having in the meantime lost one of the former majority, and received two new members, decided, "That Congress has power to enact that the Government's promises to pay money shall be, for the time being, equivalent in value to the representative of value

determined by the Coinage Acts, or to multiples thereof." This judgment, however, based the constitutionality of the clause on the war powers of Congress, leaving the question still open as to whether the notes could be issued in time of peace. In March, 1884, this latter point having been argued before the Supreme Court, it was decided by a majority of eight to one that the issue is constitutional and valid. These decisions are avowedly based on the necessity that Congress should exercise all powers requisite for the government of the country, and we cannot question the advantage to the nation of putting the status of the paper currency beyond dispute; but, as a mere matter of argument, however clearly it may be possible to derive enlarged or even new powers from the general character of a written constitution, it is difficult to see how similar reasoning can be applied to a point that had been actually discussed and distinctly rejected. The fact is, that a new state of things had arisen, and as the whole object and result of the war, namely, the maintenance of the Union by force, was entirely opposed to the Constitution, it was but a small matter that some of the means employed should be so too.

The first of the three Acts referred to declared that none of the notes should be of lower denomination than five dollars; but the second Act authorised \$35,000,000 of them to be less than five dollars, but not lower than one; and by the last Act the whole or any portion of the \$150,000,000 might be of any denomination not less than one dollar. Another Act was passed on 17th July, 1862, authorising the issue of currency in the shape of "postage and other stamps of the United States." These were receivable for all Government dues in sums of not less than five dollars, and were issued of the denominations of 5, 10, 25, and 50 cents. The necessity for this currency arose from the disappearance of the subsidiary silver coinage of the country. The paper dollar having become depreciated to an extent greater than the difference in weight between the silver dollar and the small coins, they too began to be hoarded. Actual postage stamps were for a few months used in their place, but upon the introduction of the "postal currency," the former ceased to circulate. The demand for these small notes was so great that on the days of their issue the offices of the Assistant Treasurer in New York and in other cities were thronged by long lines of people anxious to obtain them. The 5 and 10 cent notes were $2\frac{1}{2}$ inches long by $1\frac{3}{4}$ inches wide, and bore the head of Jefferson or Washington in fac-simile in form and colour of those used on the postage stamps of the same value. The 25 and 50 cent notes were a little larger—3 inches by 2 inches—and bore the same heads repeated five times. As there was at the same time a scarcity of one and two-dollar notes, the "postal" currency was issued in sheets so that they could be cut, and four 25-cent notes used in place of a one-dollar note, and four 50-cent notes in place of a two-dollar note. The issue under this Act ceased in May, 1863, and amounted in all to \$20,215,635.

These notes by constant use became very ragged and dirty, and were frequently returned for redemption, whilst large numbers must have been destroyed by wear or accident. On 1st April, 1884, there were still outstanding in 5-cent. notes \$1,028,332; in 10-cent notes \$1,243,974; in 25-cent notes \$1,039,203; and in 50-cent. notes \$970,572; making \$4,282,082 in all.

This currency was replaced by Act of 3rd March, 1863, which directed the issue of "fractional currency" in notes of from 3 cents to 50 cents, exchangeable for United States Notes in sums of not less than \$3. The highest amount outstanding at any one time was less than \$50,000,000, but the issues and re-issues amounted altogether to about \$350,000,000. The issue ceased in 1876, but on 1st January, 1885, there were still outstanding \$15,347,277. A considerable amount is said to be still held by bankers for the convenience of customers who desire it for postal remittances.

Of the legal tender notes \$450,000,000 were issued, and in June, 1865, \$432,687,966 were outstanding. In 1866 the Secretary of the Treasury was empowered to retire and cancel notes to the extent of not more than \$4,000,000 in any one month, and the amount outstanding was gradually reduced, till on 30th June, 1868, it stood at \$356,000,000. This power was suspended by an Act passed in 1868 by both Houses of Congress, which became law without the approval of the President. In 1875, the Act providing for the resumption of specie payments contained a clause directing the redemption of United States notes to continue until they were reduced to \$300,000,000; but by the Act of 31st May, 1878, any further retirement was prohibited, and the total amount then outstanding was \$346,081,016, at which amount it still remains. The only other enactment affecting these notes was contained in the Act for providing for the resumption of specie payments, whereby the Secretary of the Treasury was authorised to sell United States bonds, and to use the proceeds for that purpose. Under these powers \$90,000,000 of bonds were disposed of, realising \$95,500,000, which sum, though merged in the general Treasury balance, has always been considered as available only for the purpose of note-redemption.

Besides these notes the Government issues gold-certificates, silver-certificates, and note-certificates, which are really Government notes issued against gold and silver coin, and legal-tender notes, respectively, deposited in the Treasury and specially reserved for their redemption. This class of issue dates from a period anterior to the resumption of specie payments, as gold-certificates were first authorised in 1863, issuable in denominations corresponding with those of the United States notes, but of not less than \$20 each; and the amount of issue was limited to 20 per cent. of the amount of coin and bullion in the Treasury. In June, 1875, there were \$21,796,300 of these certificates outstanding, but their issue was discontinued at the time of the resumption of specie payments, and the amount outstanding had

sunk by January 1st, 1883, to \$3,568,840. They have been again authorised by Act of 1882, and on October 31st, 1884, there were about \$88,000,000 in the hands of the public. They are mostly issued in large denominations—namely \$1,000, \$5,000, and \$10,000—being used chiefly for clearing-house purposes.

The silver-certificates were first authorised by the Bland Act of 1878, which empowered the holder of silver legal-tender dollars to deposit them with the Treasurer of the United States in sums of not less than ten dollars, and to receive, therefore, certificates in denomination corresponding to those of the United States notes. These certificates are receivable for customs, taxes, and all public dues, and have, therefore, been greatly in demand. Their popularity has also been increased by the arrangements made by the Treasury in order to get them into circulation. As a matter of fact they are not generally issued to holders of the silver dollars, but in exchange for gold coin; and by means of the nine assistant Treasurers the holder of gold coin is able to deposit it in one city, and have silver-certificates issued in another. But it may be held that the very popularity of the issue has been detrimental to the public interest by concealing for so long the entirely useless character of the expense continually incurred in coining the silver dollars. The certificates themselves are Government notes and nothing more. The security of the silver deposited hardly comes into the question at all, for not only is it notorious that it is worth only eighty-five cents to the dollar, but it is never likely to be called for unless its value should rise above the gold dollar. In that case the coinage stamp would be useless, and therefore the expense of minting worse than wasted. The certificates are always worth the full dollar in payment of any Government dues, and, if they were worthless otherwise, would be used for that purpose alone. From the date of their first issue the amount of silver-certificates in circulation has steadily increased, till at the 30th June, 1884, there were \$97,507,011 in the hands of the public.

The Legal-Tender Note-Certificates were authorised by Act of June 8th, 1872, for the accommodation of national banking associations, and chiefly for use in settlement of clearing-house balances. They are not really notes, and do not form any addition to the currency, but have rather the contrary effect, as they are issued in exchange for legal-tender notes deposited in the Treasury, and are not of any lower denomination than \$5,000. The highest amount outstanding at one time was \$64,780,000, in August, 1875, but of late years they have greatly decreased in use, and on 30th September, 1884, the total outstanding was \$15,945,000.

It is necessary, too, to mention the National bank circulation, if only to point out that they are Government notes in all but the name. They are printed and signed by the Government, are secured by Government bonds deposited with the Secretary of the Treasury, and are redeemed, if necessary, at the Government Redemption Bureau.

Each of these different classes of notes has some difference in power as tender. The United States notes are legal tender in payment of all debts, public and private, except duties on imports and interest on the public debt. The National bank notes are legal tender to any national bank; and in payment of all dues to the Government, except duties on imports; and also in payment of all debts by the Government, except interest upon the public debt, and in redemption of the Government currency. The silver-certificates are receivable for all public dues, including duties on imports. Gold-certificates representing coin in the Treasury may be issued in payment of interest on the public debt, and are receivable in payment of duties on imports. Note-certificates have no legal tender character, but are accountable, in common with all the others mentioned above except the National bank notes, as part of the legal reserve of the national banks.

The following table gives the amount of each denomination of these notes outstanding at the close of the last fiscal year:—

AMOUNT AND DENOMINATIONS OF DEMAND PAPER CURRENCY OUTSTANDING AT CLOSE OF THE FISCAL YEAR—30TH JUNE, 1884.

| | Legal Tender Notes. | National Bank Notes.* | Gold Certificates. | Silver Certificates. | Note Certificates. |
|---|---------------------|-----------------------|--------------------|----------------------|--------------------|
| \$ | \$ | \$ | \$ | \$ | \$ |
| 1 ... | 26,660,185 | 495,741 | ... | ... | ... |
| 2 ... | 24,897,886 | 288,468 | ... | ... | ... |
| 5 ... | 75,552,915 | 85,309,155 | ... | ... | ... |
| 10 ... | 69,527,016 | 111,319,950 | ... | 47,490,712 | ... |
| 20 ... | 58,054,629 | 79,206,580 | 13,354,760 | 47,864,524 | ... |
| 50 ... | 23,208,895 | 22,221,850 | 9,119,000 | 6,293,635 | ... |
| 100 ... | 33,640,990 | 32,520,700 | 9,108,700 | 8,139,320 | ... |
| 500 ... | 16,914,000 | 877,500 | 8,701,500 | 4,377,500 | ... |
| 1,000 ... | 19,034,500 | 213,000 | 14,559,000 | 6,726,000 | ... |
| 5,000 ... | 130,000 | ... | 10,560,000 | ... | } 12,230,000 |
| 10,000 ... | 60,000 | ... | 30,380,000 | ... | |
| Add for unredeemed fragments of National Bank Notes | ... | 20,749 | ... | ... | ... |
| Deduct for legal tender Notes destroyed in Chicago fire | 1,000,000 | ... | ... | ... | ... |
| | \$346,681,016 | \$332,473,693 | \$95,777,960 | \$120,891,691 | \$12,230,000 |

* On 31st October, 1884.

These figures give the passive circulation, as considerable amounts of each class are held in the Treasury.

The following statement and analysis of the condition of the Treasury on 31st October, 1884, extracted from the Report of the Secretary of the Treasury of the United States, is given here as illustrating the position of the bullion reserves behind these note issues:

| | Total Assets. | Liabilities. | Available Assets. |
|--|----------------|----------------|-------------------|
| | \$ | \$ | \$ |
| Gold Coin and Bullion | 222,536,360 43 | | |
| Gold Certificates | 82,477,760 00 | | |
| | 255,014,110 43 | | |
| Less Gold Certificates outstanding .. | .. | 120,343,320 00 | 134,670,790 43 |
| Standard Silver Dollars and Silver Bullion .. | 147,573,321 89 | | |
| Silver Certificates | 30,814,970 00 | | |
| | 178,388,191 89 | | |
| Less Silver Certificates outstanding .. | .. | 131,556,531 00 | 46,831,660 89 |
| United States Notes | 33,942,171 85 | | |
| Certificates of Deposit (Act of June 8th, 1872) | 85,000 00 | | |
| | 34,027,171 85 | | |
| Less Certificates of Deposit outstanding | .. | 17,855,000 00 | 16,172,171 85 |
| National Bank Notes | 10,171,655 48 | .. | 10,171,655 48 |
| Deposits in National Bank Depositories .. | 15,742,449 63 | .. | 15,742,439 63 |
| Total | 493,343,569 28 | 269,754,851 00 | 232,588,718 28 |
| The Liabilities chargeable against the available Assets were— | | | |
| For Matured Debt and Interest | .. | 15,311,420 30 | |
| Post Office Department Account | .. | 3,714,015 24 | |
| Disbursing Officers' Balances and other small Accounts | .. | 26,622,322 53 | |
| Funds held for Redemption of National Bank Notes, &c. | .. | 52,345,429 69 | |
| Outstanding Drafts and Cheques | .. | 7,308,799 71 | |
| Total | 493,343,569 28 | 374,853,806 47 | 105,090,967 47 |
| Leaving a Cash Balance available of .. | .. | .. | 118,480,790 81 |
| Add Assets not available for Payments— | | | |
| Fractional Silver Coin | 29,346,757 24 | | |
| “ Currency and minor Coin | 817,888 44 | | |
| Paid obligations held in the Cash | 387,895 14 | | 30,552,540 82 |
| | | .. | |
| Cash Balance, as per Debt Statement .. | .. | .. | 149,042,301 63 |
| Add “Unavailable Funds,” Treasurer's Statement | .. | .. | 694,710 81 |
| Balance, including Bullion Fund, Treasurer's Statement | .. | .. | 149,737,011 94 |
| Total Assets and Liabilities | 523,896,110 10 | 374,853,806 47 | |

From this statement it is seen that there is no surplus gold in the Treasury, as, deducting the silver dollars, fractional silver coins, and other assets not available for payments, and amounting together to \$78,078,912.02, the whole balance available amounted only to \$71,658,099.92, against the \$95,500,000 supposed always to remain in gold as a basis for redemption of legal-tender notes.

CLEARING HOUSE RETURNS OF THE UNITED STATES.

THE returns of business done through the American Clearing Houses in 1884 are now available, and are given below in a form suitable for comparison with the figures published in the *Journal* in former years. The tables are all converted as \$5=£1—and are based chiefly on figures contained in a recent article in the *New York Banking Magazine*.

No new Clearing Houses have been established during the past year, and, as will be seen by the first table, but few changes have taken place among the various Associations. The loss of a member in one or two places has been balanced by an addition in others, and the aggregate number of banks included remains the same.

| Clearing House. | No. of Banks associated. | Capital of Banks. | Surplus and Undivided Profits. | Total Capital, Surplus, and Profits. |
|----------------------|--------------------------|-------------------|--------------------------------|--------------------------------------|
| | | £ | £ | £ |
| New York ... | 63 | 12,142,500 | 8,192,500 | 20,335,000 |
| Boston ... | 52 | 10,100,000 | 2,926,800 | 13,026,800 |
| Philadelphia ... | 30 | 8,415,600 | 2,263,900 | 5,679,500 |
| Chicago ... | 19 | 2,837,200 | 1,549,000 | 4,386,200 |
| St. Louis ... | 20 | 1,830,000 | 1,034,000 | 2,864,000 |
| Baltimore ... | 21 | 2,537,200 | 912,200 | 3,449,000 |
| San Francisco ... | 16 | abt. 4,500,000 | abt. 2,200,000 | abt. 6,700,000 |
| New Orleans ... | 10 | 1,095,000 | 399,000 | 1,494,000 |
| Pittsburgh ... | 19 | 2,104,700 | 901,300 | 3,006,000 |
| Cincinnati ... | 18 | 1,964,200 | 323,200 | 2,287,400 |
| Providence ... | 34 | 3,582,800 | 801,400 | 4,384,200 |
| Louisville ... | 21 | 1,784,000 | 354,100 | 2,138,100 |
| Milwaukee ... | 9 | 245,200 | 144,700 | 389,900 |
| Kansas City... .. | 6 | 390,000 | 180,600 | 570,600 |
| Detroit ... | 15 | 849,000 | 162,700 | 1,011,700 |
| Cleveland ... | 10 | 740,000 | 158,700 | 898,700 |
| St. Paul ... | 9 | 1,050,000 | 291,000 | 1,341,000 |
| Indianapolis ... | 8 | 496,300 | 73,700 | 570,000 |
| Hartford ... | 15 | 1,615,000 | 575,400 | 2,190,400 |
| Minneapolis... .. | 12 | 869,500 | 141,700 | 1,011,200 |
| New Haven ... | 10 | 953,000 | 299,200 | 1,252,200 |
| Memphis ... | 7 | 336,000 | 99,600 | 435,600 |
| Peoria ... | 8 | 138,000 | 86,700 | 224,700 |
| Portland ... | 6 | 650,000 | 265,000 | 915,000 |
| Worcester ... | 8 | 490,000 | 184,200 | 674,200 |
| Springfield ... | 9 | 660,000 | 296,700 | 956,700 |
| Lowell ... | 7 | 500,000 | 192,800 | 692,800 |
| St. Joseph ... | 4 | 60,000 | 16,300 | 76,300 |
| Columbus ... | 15 | 178,000 | 58,300 | 236,300 |
| Norfolk ... | 5 | 100,000 | 71,100 | 171,100 |
| Syracuse ... | 8 | 271,000 | 148,000 | 419,000 |
| Total—31 Clg. Houses | 494 | 58,484,200 | 25,303,800 | 83,788,000 |
| 1883—31 „ | 494 | 58,593,000 | 24,581,000 | 83,174,000 |

The Capital of the Associations is not fully represented by the above, as many private bankers who are included in the number of members do not report their position.

The following table gives the transactions for 1883 and 1884 and a comparison of the same, together with the amounts of the balances paid over in settlement :—

000 omitted, thus :—£7,486,860 = £7,486,860,000.

| | Total Clearings. | | Increase or Decrease per cent. | Balances. | Per cent. of Clearing. |
|--------------------|------------------|-----------|---|-----------|------------------------------|
| | 1883. | 1884. | | | |
| | £ | £ | | | |
| New York | 7,486,860 | 6,197,174 | — 17·2 | 294,372 | 4·75 |
| Boston | 703,149 | 648,666 | — 7·7 | 86,254 | 13·30 |
| Philadelphia ... | 562,563 | 502,806 | — 10·7 | 45,261 | 9·00 |
| Chicago | 505,125 | 451,936 | — 10·5 | 47,923 | 10·60 |
| St. Louis | 174,192 | 157,040 | — 9·8 | 25,052 | 15·95 |
| Baltimore | 139,462 | 126,337 | — 9·4 | 16,400 | 13·00 |
| San Francisco ... | 123,584 | 111,372 | — 9·9 | 19,055 | 17·11 |
| New Orleans ... | 105,397 | 90,900 | — 13·8 | 9,000 | 10·00 |
| Pittsburgh | 99,531 | 93,863 | — 5·7 | 19,269 | 20·53 |
| Cincinnati | 98,883 | 92,120 | — 13·8 | 13,800 | 15·00 |
| Providence | 47,480 | 43,490 | — 8·3 | 8,600 | 20·00 |
| Louisville | 42,960 | 42,340 | — 1·4 | 9,740 | 23·00 |
| Milwaukee | 35,220 | 35,799 | + 1·7 | 6,764 | 18·88 |
| Kansas City | 26,500 | 35,435 | + 33·7 | 5,007 | 14·13 |
| Detroit | 26,201 | 26,722 | + 2·0 | 4,483 | 16·78 |
| Cleveland | 21,397 | 21,209 | — 0·9 | 5,100 | 24·00 |
| St. Paul | 21,127 | * ... | ... | ... | ... |
| Indianapolis ... | 18,730 | 1,4643 | — 21·8 | 2,470 | 16·87 |
| Hartford | 18,339 | 1,6367 | — 10·8 | 4,626 | 28·27 |
| Minneapolis ... | 18,000 | 2,2111 | + 22·8 | 5,520 | 25·00 |
| New Haven | 12,637 | 11,560 | — 8·5 | 2,600 | 22·50 |
| Memphis | 11,313 | 12,008 | + 6·1 | 2,375 | 19·78 |
| Peoria | 10,156 | 8,812 | + 13·2 | 2,200 | 25·00 |
| Portland | 9,571 | 9,084 | — 5·1 | 1,714 | 18·87 |
| Worcester | 8,611 | 7,922 | — 8·0 | 2,552 | 32·26 |
| Springfield ... | 8,056 | 7,517 | — 6·7 | 2,110 | 28·07 |
| Lowell | 7,065 | 4,892 | — 30·8 | 1,886 | 38·55 |
| St. Joseph | 6,484 | 6,932 | + 7·7 | 1,128 | 16·27 |
| Columbus | 6,319 | 6,972 | + 10·3 | 1,056 | 15·41 |
| Norfolk | 5,407 | 6,832 | + 26·3 | 1,214 | 17·78 |
| Syracuse | 5,198 | 5,453 | + 4·9 | 1,413 | 25·92 |
| <hr/> | | | | | |
| Outside New York | 10,365,417 | 8,818,314 | — 14·9 | 648,944 | 7·38 |
| | 2,878,557 | 2,621,140 | — 8·3 | ... | ... |

* No report for 1884.

These returns show a general decline of 14·8 per cent., being an almost exact repetition of the result of comparison between the figures of 1883 and 1882, which gave a decrease of 14·9 per cent.; but in its individual features it is less cheerful than that review, as the falling off is more general. In 1883, as against 1882, the whole decrease was more than accounted for in the business of New York,

and special circumstances seemed to warrant the opinion that the diminished turnover there was not necessarily a matter for regret. At the same time the clearings outside New York showed several instances of substantial increase, and in the whole, an increase of 8·1 per cent. This is not the case with the figures now under consideration. Of the thirty Clearing Houses reporting only ten show any increase at all, and the net result outside New York is a decrease of 8·3 per cent. The condition of business in the country, so far as may be gathered from clearing figures, will be better seen by grouping the various returns according to locality, as in the next table :—

| States. | Clearing House. | Increase or decrease per cent. of previous year. | |
|----------------------------|-----------------|--|--------|
| | | 1883. | 1884. |
| NEW ENGLAND STATES— | | | |
| Maine | Portland | — 5·2 | — 5·1 |
| Massachusetts | Boston | — 3·3 | — 7·7 |
| " | Worcester | — 2·0 | — 8·0 |
| " | Springfield | — 3·7 | — 6·7 |
| " | Lowell | + 15·3 | — 30·8 |
| Rhode Island | Providence | + 2·0 | — 8·3 |
| Connecticut | Hartford | + 1·0 | — 10·8 |
| " | New Haven | — 2·1 | — 8·5 |
| MIDDLE STATES— | | | |
| New York | New York | — 20·2 | — 17·2 |
| " | Syracuse | + 13·5 | + 4·9 |
| Pennsylvania | Philadelphia | + 1·2 | — 10·7 |
| " | Pittsburgh | + 2·9 | — 5·7 |
| Maryland | Baltimore | + 1·7 | — 9·4 |
| SOUTHERN STATES— | | | |
| Virginia | Norfolk | + 4·4 | + 26·3 |
| Louisiana | New Orleans | + 5·6 | — 13·8 |
| Kentucky | Louisville | + 10·9 | — 1·4 |
| Tennessee | Memphis | + 23·5 | + 6·1 |
| WESTERN STATES— | | | |
| Ohio | Cincinnati | + 3·2 | — 6·8 |
| " | Cleveland | — 5·7 | — 0·9 |
| " | Columbus | + 9·6 | + 10·3 |
| Indiana | Indianapolis | — 7·8 | — 21·8 |
| Illinois | Chicago | + 6·7 | — 10·5 |
| " | Peoria | — 4·6 | + 13·2 |
| Michigan | Detroit | * | + 2·0 |
| Wisconsin | Milwaukee | — 7·3 | + 1·7 |
| Minnesota | Minneapolis | † | + 22·8 |
| " | St. Paul | + 31·6 | ‡ |
| Missouri | St. Louis | + 0·9 | — 9·8 |
| " | Kansas City | + 34·9 | + 33·7 |
| " | St. Joseph | + 8·2 | + 7·7 |
| PACIFIC STATES— | | | |
| California | San Francisco | — 1·8 | — 9·9 |

* Established 1883.

† No reports prior to 1883.

‡ No report for 1884.

By this arrangement it is seen that the cities of the Middle and New England States, comprising the principal manufacturing industries of the Union, present, with a single small exception, general and considerable falling off, whilst important increases only occur in the Western States. Probably if full information were available it would be found that these increases were due chiefly to the growth of population in those parts and not to greater activity of trade. This has been ascertained to be the cause of the most important increase, that of Kansas City.

The ratio of balances paid in settlement at New York has corresponded very nearly with that of the previous year, being 4.75 per cent. in 1884, against 4.18 per cent. in 1883; but the medium in which they were paid has varied somewhat. The use of gold coin, which in 1883 was but £39,400, has been entirely abolished, and thus a very important improvement has been completed, as the amounts paid in coin in the two previous years together were £126,000,000.

The mode of payment of balances in New York Clearing House in 1883 and 1884 was as follows:—

| | 1883. | | 1884. | |
|---------------------------------------|-------------|---------------------|-------------|---------------------|
| | Amount. | Per cent. of total. | Amount. | Per cent. of total. |
| | £ | | £ | |
| Gold Coin | 39,400 | 00.01 | ... | ... |
| Legal Tenders, Notes and Change | 1,553,619 | 00.49 | 27,205,683 | 9.24 |
| Legal Tender Note Certificates . . . | 315,000 | 00.10 | 10,574,000 | 3.60 |
| United States Gold Certificates . . . | 112,842,600 | 36.06 | 129,710,200 | 44.06 |
| Clearing House Gold Certificates | 198,185,000 | 63.34 | 112,780,400 | 38.31 |
| " " Loan Certificates | ... | ... | 14,102,000 | 4.79 |
| | 312,935,619 | 100.00 | 294,372,283 | 100.00 |

The loan-certificates issued by the Special Committee in May figure in the above settlements for £14,102,000, and as the issue amounted to £4,983,000, it is evident that they did not change hands to any great extent. They bore 6 per cent. interest, and being amply secured, were probably considered rather a desirable investment.

In San Francisco last year £6,793,562 was paid in gold coin, £553,478 in U. S. gold-certificates, and £11,708,000 in Clearing House gold-certificates. Neither legal-tender notes nor note-certificates are used there in Clearing House settlements, in fact, the use of notes at all in the mining States is very limited.

On the question of the silver dollar and silver-certificates, the attitude of the New York Clearing House Association continues one

of uncompromising hostility. Upon the passing of the National Banking Act of 1882, which provided that no national bank might be a member of any clearing house in which silver-certificates were not receivable in payment of balances, the standing rule then excluding them was at once repealed by the Association. But they have not been used, and there is still a mutual agreement that they shall not be admitted. This rule was an important part of the arrangement under which the Assistant Treasurer of the United States became a member of the Clearing House in 1879, and he continues a member now upon the understanding that he will withdraw if he finds himself compelled to meet demands upon the Treasury by payment in silver, giving also thirty days' notice of the fact. By this means, while the banks are enabled to protect themselves against a serious danger, the public service enjoys for the present the economical advantages of clearing. The amount of government business settled in this manner is shewn by the following record of the transactions of the Treasurer at the Clearing House in the past four years.

| | Cheques presented at Clearing House. | Cheques received from Clearing House. | Balances paid to Clearing House. | Balances received from Clearing House. |
|------|---|--|-------------------------------------|--|
| | £ | £ | £ | £ |
| 1881 | 19,978,570 | 71,149,577 | 52,357,350 | 1,186,543 |
| 1882 | 25,111,950 | 70,671,894 | 45,878,508 | 318,567 |
| 1883 | 23,868,160 | 57,589,630 | 34,003,000 | 281,339 |
| 1884 | 22,379,000 | 59,975,947 | 37,724,905 | 127,853 |

In Boston no understanding against the use of silver-certificates is in force, and the Sub-Treasurer there has been at liberty to pay his balances with them. Recently he has found it convenient to use them to a large extent, and they had so accumulated in the hands of some of the banks there that they were obliged to sell them at a discount, in order to meet demands due in New York.

THE LATIN UNION AND THE POSITION OF SILVER.

THE Latin Union, after sundry negotiations and various adjournments, appears to have postponed until September next the consideration of what steps should be decided on with a view to the further prolongation of its existence or to its final winding up. This latter alternative was held at one time to be specially favoured by Italy as a natural complement to her minting of gold coins on a large scale. Successfully however as that operation and the resumption of specie payments which it was effected to carry out were conducted, they left undealt with the question of the ultimate fate of Italy's silver coins. These, if demonetized would have to be sold in the open market at a loss, the extent of which cannot be accurately stated as the attempts made by Germany to dispose of her silver thalers, after her adoption of a gold standard, depressed the market price of silver to an extent entirely unknown before. In July, 1876, bar silver was quoted as low as 46½ pence per oz. standard. It rose again, after Germany suspended her sales of silver thalers, to 51 pence, more or less; at which price it kept pretty fairly steady for some length of time. It has however gradually fallen away again, market rates being just now with difficulty maintained above 49 pence. It hardly appears likely that Italy would meet with any better success than did Germany; so that one may incline to think that her vote will be on the side of some compromise, if not actually for the renewal, pure and simple, of the Union.

Another reason put forward as a motive for delay on the part of the delegates of the Latin Union in coming together, is that the United States were said to be endeavouring to bring about a fresh conference with the European powers in order to arrive at some common understanding on the international position of silver. It will be known to readers of the *Journal* that sharp encounters have lately taken place in the States between the advocates of the gold standard and the silver party. The bone of contention has been, as usual for several years past, the Bland Bill; the suspension of which the one party make it a point annually to propose, whilst the other side with corresponding regularity vote for its continued operation. The only result of this annual contest seems to be: first, to depress the price of bar silver in London on the announcement that the Bland Bill is about to be suspended, and then to send it up again when it is found that the suspension has been outvoted.

It should be remembered that the suspension of the Bland Bill does not in any wise mean the demonetization of silver by the United States, who for obvious reasons will not take the lead in such a policy. It merely means the determination of the obligation under which the said Bland Bill places the United States Treasury, of coining, at a *minimum*, 2,000,000 silver dollars per month. In virtue of this obligation about 150 million dollars have already been coined.*

Respecting these silver dollars it should also be borne in mind that while the American public decidedly object to the use of them as a metallic circulation, they readily make use of the certificates issued against them by the Treasury. As a matter of fact so convenient has been found to be this mode of transmitting funds from one part of the country to the other, that merchants and others are continually depositing gold with the Treasury to secure the transfer of silver certificates.† This, notwithstanding the drawback involved in such a transaction, that the depositor of gold against silver certificates can only claim silver in exchange for the certificates he has paid for in gold. This drawback, however, can scarcely be looked upon as a risk to individual holders, as it admits of no doubt that in the event of any demonetization of silver dollars the United States Government would provide for the redemption of silver certificates at par. Members of the New York Clearing House do not accept silver certificates, this being a precautionary measure against withdrawals of gold for Europe.

As to any likelihood of proximate efforts to bring about an understanding in the position of silver between the various nations of Europe and America, a question was lately put to M. Tirard, the French Minister of Finance who went out with M. Jules Ferry, to which he gave a guarded reply. He thought it very desirable that such an understanding should take place, but did not think times were very favorable as far as the calling of any Conference with this object was concerned.

* A useful distinction may here be pointed out between the coining of silver dollars by the United States, and the coining of Mexican dollars. The latter are coined continuously by Mexico as an article of export to Europe; more particularly to England, where they may either be melted, refined, and cast into standard bars; or re-exported as coins to Eastern markets, where they have a recognized currency value. The United States attempted some years back to displace the Mexican dollar in those markets by introducing the "trade dollar,"—(the trade dollar has a weight of 420 grains as against 412½ in the Bland dollar, but unlike the latter is not legal tender in the States)—but failed to win away from the older coin the favour which long habit, in the absence of more enlightened considerations, has gained for it.

† The United States Treasury statement for March last, reprinted in the *Economist* of the 25th of April, shows:—

| | Issue. | | Held by Treasury. |
|----------------------------|-------------------|--------------------------|-------------------|
| Gold Certificates | ... \$153,337,530 | ... | \$37,689,990 |
| Silver Certificates | ... 143,361,841 | ... | 30,861,615 |
| Against a total coinage of | 156,698,482 | standard silver dollars. | |

It is certain that no attempts at giving silver a definite position as a factor in the current settlement of international commercial and monetary transactions could meet with any degree of real success without the cordial co-operation of England. Great, however, as are this country's interests in silver markets, she shows considerable reluctance in opening up currency questions in any manner that might appear derogatory to the simple gold standard. One concession Great Britain was not unprepared to make, and expressed herself to that effect in one of the later International Monetary Concessions.

This was to recommend the Bank of England to put into practical operation the provisions of the Act of 1844, under which the Bank may hold a fifth of her reserve in silver bullion. The option thus granted to the Bank of England was acted upon until about 1860, but fell into abeyance, through disuse, since then.

NOTE ON THE SILVER QUESTION.

By NATHANIEL CORK, a Fellow of the Institute.

STUDENTS of economic science who reflect on some popular phrases which pass current as axioms, are well aware that many sayings and catch-words are accepted as true owing to their constant reiteration by zealous advocates of some financial or other crotchet. This remark, I venture to say, especially applies to the much-used phrases—"the demonetization of silver" and "the appreciation of gold,"—expressions which found so prominent a place in the paper of Mr. Schmidt and the discussion which followed, as published in the April number of the *Journal of the Institute of Bankers*. It is to the so-called demonetization of silver that the fall in the price of that metal is mainly attributed, and the consequent enormous loss which has befallen this country in its exchange operations with the East during the past decade. I am heartily in accord with the philoargents, if I may so call them, in thinking that it is of the utmost importance to our trade that a means should be found whereby the loss of millions annually on our Eastern exchanges might be saved to this country; but to find the remedy it is essential that we rightly understand the facts. The value of silver has fallen since 1872 from 60*d.* to 49½*d.* per oz. This is attributed to the so-called demonetization of silver by Germany, and the subsequent cessation of unlimited silver coinage by the Latin Union. On this subject the writings and discussions have been wearisome and endless. A man ignorant of the world would be led to conclude from much that has been said that in some way silver had ceased to be the principal circulating medium in all civilized states. Certainly the phrase I refer to would convey some such idea, although those who use it may apply it only to the adoption by Germany of a gold currency, and the sale by that country of some £30,000,000 worth of silver since 1872. These sales were of so much idle bullion, not circulating money, and so far from silver having been thrown out of circulation, it is notorious that during the past twenty years the silver currency of the world has vastly increased. In Italy, Austria, Germany, America (North and South), the small paper-money which was formerly almost the only circulating medium has well-nigh disappeared, and a silver coinage has taken its place. Not only so, but as the nations have progressed the peoples have had far more silver in their pockets than they formerly had paper-money. Any actual demonetization of silver is never likely to happen. Mr. Bagehot long ago pointed out, silver must

always be the circulating medium in the pockets of the people ; and from the latest data Mr. Ottomar Haupt estimates the value of the silver in circulation in France, outside the bank, at £103,000,000. But more than this, the visible silver held by the banks is far greater than formerly. The average stock of silver held by the Bank of France in the twenty years ending 1870 was £8,300,000. Now it is over £42,000,000. Since the Bland Act of 1878 was passed the United States Treasury has accumulated £37,000,000 in silver coinage. In the Austro-Hungarian Bank and in the Netherlands Bank the accumulations of silver amount to about £21,000,000. In the Bank of Germany only, as I believe, has the stock diminished ; but probably that bank holds as much as it did before the payment of the indemnity by France. In presence of these facts what meaning can be attached to the phrase—"the demonetization of silver" ? The words are meaningless. It may be said that gold is used now where formerly silver would have been employed ; but that does not affect the question, since the use of silver has largely increased.

The Committee of the House of Commons in 1878 attributed the fall in the price of silver to three principal causes :—1st, the greatly increased yield from the new mines in Nevada ; 2nd, to the introduction of a gold currency into Germany ; 3rd, to the decreased demand for silver for export to India. The Committee would not now attribute to the decreased demand for India the fall in price, as during the past six years that country has taken and retained £29,000,000 in silver.

The great fall in the price of silver, which set in in 1873, was, I humbly submit, not mainly attributable to either of the causes named by the committee. An increase of 50 per cent., or £5,000,000 annually in the production, was in itself insufficient to meet the additional demand for silver which I have shown existed after 1872. Mr. Schmidt has pointed out that the increased production was only a very small per centage on the total silver coinage estimated to be in existence, or about one half per cent., whereas silver has fallen 20 per cent.

The great cause of the fall, which writers on the subject seem to have over-looked, was the vast amount of silver poured into the French banks by the French peasantry when they subscribed the £140,000,000 mainly in silver to pay the German indemnity in 1872. This was hidden and hoarded wealth, unknown and unmeasured, which came on the world as a surprise from the thrifty savings of the French poor. The silver, afterwards sold by Germany, all came from this source, and the effect upon the value of silver was precisely as if new mines had been discovered, producing in a single year more than double the quantity of the metal obtained from the Nevada and all the other mines in the world in the same period. Surely, with this evidence before us, it is not necessary to resort to a theory of the demonetization of silver, which is so slenderly supported,

by facts to explain the fall in value. In estimating the circulating stock of the precious metals, too little account has hitherto been taken of the vast changes wrought during the quarter of a century by the establishment of savings banks throughout Europe, and the creation and extension of all kinds of banking facilities, whereby gold and silver, formerly hoarded, has come, so to speak, into life. It may be somewhat of an impertinence to offer any suggestion to experienced Indian bankers on this subject, but surely it is time that they abandoned the idea of seeking a rise in the price of silver by legislative enactments. The use of gold as the standard is ever extending. In the year 1859 I wrote on this subject in the *Daily News*, and urged what would then have been so easy of adoption, a gold currency for India, and I then ventured to predict the fall in the exchange which has since occurred, and the consequent losses. Several eminent authorities on Indian finance have also, after much reflection, urged the adoption of a gold standard for that country. In Jamaica the sovereign is the coin of account, in the East it is the rupee, although in both Indies alike silver is the circulating medium, with no limit as to amount of legal tender. With the West the fluctuations in exchange have been infinitesimal. Is not the contrary with the East a matter for enquiry? We know that Hindustan has absorbed a large proportion of the gold of the world for ages. This operation is ever continuing. During the past five years the balance of imports over exports of gold with India has been £17,192,000—and this is practically as lost to the circulation of the world as if it were cast into the sea. What greater financial boon could be bestowed upon India than the utilisation of its hoarded gold? And what plan would be so likely to draw forth those vast treasures as the adoption of the gold standard and the British coin of account?

The question of the so-called appreciation of gold I have dealt with elsewhere.*

* "What is the True Measure of the Alleged Appreciation of Gold?"—Paper read at the Social Science Congress, October, 1884.

THE BANKRUPTCY ACT, 1883.

IT being desirable, in the opinion of the Council, to make an enquiry into the working of the Bankruptcy Act, a circular containing the following questions has been issued to the various banks :—

- 1.—Have the number of bankruptcies diminished in your district since the passing of the Act? If so, do you attribute this to the operation of the Act, the state of trade, or to what other cause?
- 2.—Has there been any increase of private arrangements outside the Act? To what cause do you attribute such increase, if any?
- 3.—Is the new Act worked satisfactorily in your district?
- 4.—Are debtors properly examined, and their past conduct thoroughly investigated? Is it found, as the result of such investigation, that discharges are prevented, and debtors prosecuted for reckless or fraudulent trading?
- 5.—Are estates more or less speedily dealt with now than under the old Act? If not, what is the reason?
- 6.—Is this Act more satisfactory than the old Act with regard to the amount realised for the creditors, and are the costs of administration greater or less than under the Act of 1869?
- 7.—What is the effect of the Act on trade and credit?
- 8.—Additional observations.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

The Country Banker : his Clients, Cares, and Work. From an Experience of Forty Years. By GEORGE RAE.*

As we go on from year to year steadily pursuing the avocations to which under God's providence we have been called, we cannot fail to be constantly gaining experience in respect to the particular business in which we are engaged. Such experience may be of great value to the individual possessor, and may enable him to advance from success to success by avoiding the mistakes of his earlier career, and by strictly adhering to the principles and actions that have proved to be correct ; but it will die with him, or at least will only be of benefit to those of his immediate surroundings, unless he takes pen in hand and records the results of his experience for the benefit of those with whom he cannot come personally in contact, or who are yet to follow. The book before us is one of these records from the pen of a gentleman who has made his mark in the banking world, and who has, nevertheless, found time in the midst of a most active and useful life to put into a very readable form the experience of forty years, for the benefit of all who are engaged in the business of banking.

That business is apparently a very simple one, at least to those who are not engaged in it. In a few words it may be described as taking charge of the surplus monies of one set of customers with or without allowance of interest, and as lending such monies or a portion of them, to another set of customers who are in need of temporary advances, the profit being derived from the difference between the allowances that may be made to the depositors, and the charges made to the borrowers. The business, we say, is apparently very simple, so much so that many persons think it is the easiest thing in the world to manage a bank, and so perhaps it might be if the business were confined to taking charge of deposits ; but those deposits have to be used, and then becomes apparent the necessity of having a man possessed of no small share of common sense, judgment, decision, and experience to manage a bank.

It is from this point of view that the book before us will be of great value to those who read it carefully, dealing as it does with the principles that should actuate the manager in dealing with his

* London, 1885.—John Murray.

customers, especially the borrowing ones—principles which have stood the experience of forty years, and will stand—principles which, if steadily adhered to, “would render bank failures fewer in number, less scandalous in their revelations, and less calamitous in their results.”

The greater part of the book is taken up with a sketch, in the epistolary form, of the business of the branch of a bank in a moderate county town, and of the various classes of customers that would be there found. The individual sketches of the customers, all of which we are told have more or less their human exemplars, are excellent, and each character is brought before us for the purpose of elucidating some principle which stands good, not only in a small country bank, but in many a large one too. The key-note of the whole is contained in these few words, “The leading subject of your daily education as a banker will be to learn whom to trust.”

The entire business of a bank, as exemplified *in petto* at a moderate country branch, is so thoroughly gone into that we regret the absence of one matter which it is very essential that a bank manager should have at his fingers’ ends, viz., the law and customs relating to the technicalities of his business. We admit readily that the first essential of a banker or bank manager is the common sense, prudence, and experience which are absolutely necessary in dealing with his customers, but we think that it is also necessary he should be intimately acquainted with the legal aspects of his business. The lamentable ignorance of many bank officials in the matter—say, of the law of bills of exchange—is unfortunately noticeable daily.

The latter part of the book relates not to the model branch of a country bank, but to the head office, and the chief manager and directors of the company—for the model bank has been set before us in the shape of a joint stock bank, and the same lucid statements and prudent principles are observable here in commenting on the general management of a bank, as in dealing with the individual customers at a branch.

The book purports to deal only with the “country banker,” but as has been pointed out, it takes so comprehensive a view of banking generally that its readers certainly should not be confined to the officials of English country banks—being, however, written by a country banker, it certainly contains one or two theories which a London banker would not thoroughly endorse. Its general excellence is so great that it would be invidious to comment on these matters, whereon there might be a difference of opinion owing to the different standpoint from which they are regarded, and we only conclude this short notice with very heartily commending the “Country Banker” to the perusal of the Fellows, Associates, and Members of the Institute of Bankers as one of the most valuable additions to banking literature of late years.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Bill of Exchange—Holder in due course.

QUESTION 332.—A. is the holder of a bill drawn by B. on C. and made payable to the order of B. It is endorsed by D. and then by B., who, in its present condition, has paid it away to A. Is A. a holder in due course as defined by the *Bills of Exchange Act*, or is the bill “irregular on the face of it” on account of its not being first endorsed by B.?

ANSWER : A. is a holder in due course, and the matter is not affected by reason of a prior endorsement to that of the payee.

Form of Receipt—Payment by Banker.

QUESTION 333.—The form of receipt given below is issued by a Limited Company for payment of dividends. Amounts under £2 unstamped. Is the banker justified in paying?

| | |
|---|--|
| <p>Received the by payment of Messrs. for dividend declared the as under.</p> | <p style="text-align: right;">S. P. Company, Limited. 1885, of the Company , Bankers, the sum of 1885, on shares held by me</p> |
|---|--|

Signature of Shareholder.

On Preference Shares
of £5 each at
Signature of Secretary impressed by a stamp.

ANSWER : The banker will be perfectly justified in paying documents of this character if he has the instructions of the company to do so.

Payment of Dividend Warrants—Trust Property.

QUESTION 334.—Referring to the note (d) on p. 65 of Mr. Chalmer's book on the *Bills of Exchange Act*, 1882, it is stated to be the custom of bankers to cash on the signature of *one* payee only dividend warrants made out in favour of two persons (Question 316). This ignores the consideration that the payees may not be the owners of the stock or shares represented, but simply *trustees* to receive and deal with the dividend in a specific way—

- (1) In the event of a banker paying dividend warrant discharged in this way, could he be held responsible supposing that one of the payees received and misappropriated the money?
- (2) Would the banker be protected by the fact that the warrant contained no notice of trust?
- (3) Is there not a probability that a Court of Law would override the custom (presuming such a custom to exist), and hold that the warrant to be validly discharged must bear the signature of *each* payee?

ANSWER: (1) We do not think the banker could be held responsible in the circumstances mentioned. (2) He is not affected by the fact that the money is trust money, nor (3) do we think it probable that a Court of Law would override this well-established custom.

Bill of Exchange—Presentment through Banker.

QUESTION 335.—A merchant in London transmits by post to a country bank a bill domiciled at that bank, and requests them to send him their draft in exchange. The bank return the bill, saying that the merchant must present it through a banker, as it is not their practice to send their draft in exchange for bills or cheques to persons they are not acquainted with. The merchant threatens to hold the bank responsible in case any loss arises from the delay. It seems unreasonable to suppose that a bank would be compelled to send a draft in exchange for a bill or cheque to any unknown person who may come into possession of such bill or cheque, but would he be obliged to consider it as a good presentation, and hold funds until duly presented by some banker, or until the holder called personally. Could an action be maintained against the bank in case any loss arise to the holder of the bill?

ANSWER: *Bills of Exchange Act*, clause 45, sec. 8: "Where authorised by agreement or usage a presentment through the Post Office is sufficient." As the presentment mentioned in this letter is neither authorised by agreement nor usage it is not sufficient, and the sender would not in consequence be enabled to hold the bank liable for any consequences arising from its refusal to admit of presentation through the post.

Form of Endorsement.

QUESTION 336.—Is this a correct endorsement ?

Per pro Long & Brown.

Per pro Thos. Smith.

Receiver,

J. James.

It is presumed that the receiver is a receiver in bankruptcy.

ANSWER : The form of endorsement is irregular.

Bill of Exchange Endorsement.

QUESTION 337.—What is the general practice of bankers in regard to cheques drawn to order, where what purports to be the drawee's endorsement does not appear *first* in order on the back of the cheque ? Section 32, clause 5, of the *Bills of Exchange Act*, 1882, provides that where there are two or more endorsements on a bill, each endorsement is deemed to have been made in the order in which it appears on the bill, till the contrary is proved. Can a banker therefore pay *with safety* when no proof is tendered to him that the endorsement *purporting to be the drawee's* does not appear first, but second or third, notwithstanding that his endorsement might in point of fact have been made first, and the others subsequently added ?

ANSWER : The cheque is in order if it bears the endorsement of the payee, wherever placed.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus:—£1,000 —

| Bank. | Account made up to | No. of Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus. |
|--|--------------------|------------------|--|----------|--------------------------|--------------------|------------------------------|---------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| *Anglo-Californian Bank, Ltd. ... | 1884. Dec. 31 | 1 | £ 600 | £ 300 | £ 20 | £ 10 | £ 10 | % 6 |
| *Bank of Egypt..... | " | 2 | 250 | 250 | 25 | 25 | 25 | 6 |
| *Bank of Scotland..... | 1885. Feb. 28 | 111 | 1,875 | 1,250 | Stock. | ... | ... | 14 |
| Bank of South Australia, Ltd. ... | 1884. Dec. 31 | ... | 800 | 800 | 25 | 25 | 25 | 10 |
| Bank of Victoria..... | " | 64 | 1,000 | 500 | 50 | 25 | 75 | 10 |
| *Bank of Whitehaven, Ltd. | " | 6 | 296 | 99 | 30 | 10 | 20 | 10 |
| *Chartered Mercantile Bank of India, London and China..... | " | 12 | 750 | 750 | 25 | 25 | 25 | 5 |
| *Chartered Bank of India, Australia and China | " | 16 | 800 | 800 | 20 | 20 | 20 | 7 |
| City Bank, Sydney | " | 8 | 300 | 240 | 10 | 8 | 10 | 12½ |
| *Cornish Bank, Ltd. | " | 7 | 161 | 49 | 50 | 15 } 25 } | 35 } 25 } | 6 |
| Derby Commercial Bank, Ltd. ... | " | None | 200 | 50 | 20 | 5 | 15 | 10 |
| *Deutsche Bank, Berlin (c) | " | 3 | 3,000 | 3,000 | 30 | 30 | nil | 9 |
| Hong Kong and Shanghai Banking Corporation, Ltd. (d) | " | 20 | 1,500 | 1,500 | 28½ | 28½ | 28½ | 16 |
| *London Bank of Mexico and South America, Ltd..... | " | 2 | 500 | 250 | 10 | 5 | 5 | 6 |
| *London and Hanseatic Bank, Ltd. | " | 1 | 666 | 333 | 20 | 10 | 10 | 5 |
| *London, Paris and American Bank. | " | 1 | 500 | 400 | 20 | 16 | 4 | 5 |
| London and Yorkshire Bank | " | 18 | 551 | 145 | 9 10/- | 2 10/ | 5 | 5 |
| *National Bank of India, Ltd..... | " | 5 | 933 | 465 | 25 | 12 10/ | 12 10/ | 5 |
| *National Bank of Wales, Ltd. ... | " | 20 | 250 | 125 | 20 | 10 | 10 | 6 |
| *Northampton Union Bk., Ltd. ... | " | 5 | 900 | 240 | 30 | 8 | 10 | 14 |
| Nottingham & Nottingham Bankg. Co., Ltd. | " | 6 | 1,200 | 275 | 20 | 5 } 2 10/ } | 10 | 10 |
| *Union Bank of Scotland, Ltd. ... | 1885. Apr. 2 | 126 | 5,000 | 1,000 | 50 | 10 | 40 | 12 |

* These accounts are made up annually.

† Including Liability of Customers for Acceptances and Endorsements.

STOCK BANK ACCOUNTS (continued from page 241).

1,000,000 (except columns 1, 2, 5, 6, 7, 8).

| Share Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|----------------|--------------|--------------|-----------------|---------------------------------|---------------------------------|----------------------------|--|--|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills dis- counted, Loans, and other Securities† | Bank Premises, Furni- ture, &c. | Total Assets. |
| | | | | | British Government Stock. | Other Invest- ments. | | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 78 | 1,150 | ... | 18 | 390 | Nil | Nil | 1,126 | 22 | 1,538 |
| 85 | 143 | ... | 13 | 19 | ... | 44 | 623 | 14 | 700 |
| 775 | 13,827 | 1,180 | 177 | (a) 5,857 | ... | 1,242 | 10,818 | 240 | 18,157 |
| 200 | 3,113 | ... | 44 | 268 | ... | 329 | 3,756 | (b) 112 | 4,465 |
| 125 | 4,629 | ... | 28 | 909 | ... | 92 | 4,666 | 232 | 5,899 |
| 90 | 449 | ... | 10 | 58 | ... | 150 | 456 | 12 | 676 |
| 110 | 3,239 | ... | 99 | 1,048 | ... | 339 | 5,185 | 206 | 6,778 |
| 200 | 4,920 | ... | 82 | 1,713 | ... | 334 | 7,587 | 74 | 9,708 |
| 105 | 1,375 | ... | 19 | 264 | ... | ... | 1,511 | 29 | 1,804 |
| 13 | 514 | ... | 6 | 52 | 33 | 136 | 342 | 18 | 581 |
| 23 | 276 | ... | 9 | 8 | ... | 98 | 236 | 20 | 362 |
| 765 | 6,114 | 4,183 | 372 | 669 | ... | 1,165 | 12,467 | 150 | 14,451 |
| 960 | 10,399 | ... | 150 | 2,484 | ... | 472 | 14,085 | 89 | 17,130 |
| 35 | 288 | ... | 18 | 341 | ... | 109 | 738 | 11 | 1,199 |
| 60 | 1,409 | ... | 14 | 125 | ... | 62 | 1,625 | ... | 1,812 |
| 10 | 535 | ... | 26 | 144 | ... | ... | 816 | 1 | 961 |
| 2 | 508 | 86 | 4 | 155 | ... | 100 | 519 | 42 | 816 |
| 40 | 2,794 | ... | 68 | 469 | ... | 276 | 3,008 | 42 | 3,795 |
| 3 | 218 | ... | 8 | 75 | ... | ... | 271 | 10 | 356 |
| 204 | 1,332 | ... | 43 | 90 | ... | 757 | 965 | 22 | 1,834 |
| Nil | 1,329 | ... | (c) 15 | 152 | ... | 364 | 1,039 | 109 | 1,664 |
| 380 | 10,764 | 85 | 121 | 2,388 | 1,244 | 1,595 | 7,620 | 368 | 13,215 |

(a) Including Government Securities.

(b) Including Landed Property.

(c) Converting the Mark at 20 to the £.

(d) Converting the Dollar at 5 to the £.

(e) Profits for six months.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. April 1. 1 | 1885. April 8. 2 | 1885. April 15. 3 | 1885. April 22. 4 | 1885. April 29. 5 |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| BANK OF ENGLAND. | | | | | |
| ISSUE DEPARTMENT. | £ | £ | £ | £ | £ |
| Notes issued | 40,342 | 39,907 | 40,103 | 40,379 | 40,100 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 24,592 | 24,157 | 24,358 | 24,629 | 24,350 |
| | 40,342 | 39,907 | 40,103 | 40,379 | 40,100 |
| BANKING DEPARTMENT. | | | | | |
| LIABILITIES. | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Reserve | 3,783 | 3,134 | 3,133 | 3,143 | 3,101 |
| Public deposits | 11,166 | 8,458 | 7,981 | 8,674 | 7,153 |
| Other deposits | 25,625 | 25,753 | 26,646 | 26,603 | 24,829 |
| Seven day and other bills..... | 160 | 150 | 183 | 168 | 139 |
| Total..... | 55,287 | 52,048 | 52,496 | 53,141 | 49,825 |
| ASSETS. | | | | | |
| Government securities | 14,672 | 14,165 | 14,402 | 14,402 | 12,436 |
| Other securities..... | 24,149 | 21,723 | 21,396 | 21,535 | 21,612 |
| Notes | 15,395 | 15,023 | 15,479 | 15,936 | 14,800 |
| Gold and Silver coin | 1,071 | 1,137 | 1,219 | 1,268 | 977 |
| Total..... | 55,287 | 52,048 | 52,496 | 53,141 | 49,825 |
| Notes in the hands of the Public..... | 24,947 | 24,884 | 24,624 | 24,443 | 25,300 |
| Reserve | 16,466 | 16,160 | 16,698 | 17,204 | 15,777 |
| Proportion of reserve to liabilities (per cent.)..... | 44.56 | 47.03 | 47.94 | 48.53 | 49.04 |
| Rate of discount | 3½ % | 3½ % | 3½ % | 3½ % | 2½ % |
| | April 2. | April 9. | April 16. | April 23. | April 24. |
| RATES OF EXCHANGE ON LONDON. | | | | | |
| Paris, cheque— (par £1=25f. 22½ c.) | 25.38 | 25.37½ | 25.37½ | 25.39 | 25.17½ |
| Berlin, 8 days— (par £1=20m. 43 pf.) | 20.45 | 20.44 | 20.46 | 20.46 | 20.40½ |
| New York, 60 days— (par £1=\$4.867) | 4.84½ | 4.84½ | 4.85½ | 4.86 | 4.87½ |
| Calcutta, 4 m/d— (per rupee)..... | 1s. 7½ d. | 1s. 6½ d. | 1s. 7d. | 1s. 7½ d. | 1s. 7½ d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. April 2. 1 | 1885. April 9. 2 | 1885. April 16. 3 | 1885. April 23. 4 | 1885. April 30. 5 |
|--|------------------------|------------------------|-------------------------|-------------------------|-------------------------|
| BANK OF FRANCE. | | | | | |
| (Converting the franc at 25 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Public deposits | 4,436 | 3,868 | 4,312 | 5,929 | 4,555 |
| Private deposits | 13,465 | 14,948 | 16,925 | 18,601 | 14,451 |
| Notes in circulation | 116,818 | 116,140 | 116,266 | 114,296 | 117,904 |
| Other items | 12,862 | 12,389 | 12,379 | 11,987 | 12,439 |
| Total..... | 147,581 | 147,345 | 149,882 | 150,813 | 149,349 |
| ASSETS. | | | | | |
| Gold | 40,299 | 40,299 | 41,495 | 41,891 | 40,126 |
| Silver | 42,469 | 42,469 | 42,514 | 42,600 | 40,089 |
| Bills | 36,143 | 35,469 | 36,471 | 36,595 | 39,161 |
| Advances | 16,805 | 17,115 | 17,179 | 17,038 | 17,901 |
| Other items | 11,865 | 11,993 | 12,223 | 12,689 | 12,072 |
| Total..... | 147,581 | 147,345 | 149,882 | 150,813 | 149,349 |
| Rate of discount..... | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 38,625 | 37,556 | 35,856 | 34,822 | 35,769 |
| Current accounts | 9,470 | 9,312 | 10,187 | 10,916 | 10,431 |
| Other items | 6,622 | 7,114 | 7,101 | 7,097 | 7,048 |
| ASSETS. | | | | | |
| Coin and Bullion | 27,924 | 27,625 | 28,057 | 28,051 | 30,399 |
| Bills and Loans | 23,008 | 21,520 | 20,435 | 20,191 | 18,521 |
| Other items | 4,694 | 5,185 | 5,025 | 4,984 | 4,661 |
| Rate of discount | 4 % | 4½ % | 4½ % | 4½ % | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. March 7. 1 | 1885. March 14. 2 | 1885. March 21. 3 | 1885. March 28. 4 | 1885. March 29. 5 |
|---|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £). | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 2,217 | 2,186 | 2,195 | 2,180 | 2,866 |
| Net deposits | 70,745 | 71,134 | 70,859 | 70,689 | 69,342 |
| ASSETS. | | | | | |
| Loans and discounts | 60,477 | 60,764 | 60,274 | 60,196 | 69,258 |
| Specie | 20,758 | 20,743 | 20,925 | 20,950 | 13,399 |
| Legal tenders..... | 6,405 | 6,459 | 6,374 | 6,406 | 5,481 |
| Legal reserve (being one-fourth of net deposits) | 17,686 | 17,784 | 17,715 | 17,672 | 17,335 |
| Reserve held (consisting of specie and legal tenders)..... | 27,163 | 27,202 | 27,299 | 27,356 | 18,880 |
| Surplus..... | 9,477 | 9,418 | 9,584 | 9,684 | 1,545 |
| | 1885. April 1. | 1885. April 8. | 1885. April 15. | 1885. April 22. | 1885. April 29. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ |
| Clearing-house returns..... | 138,175 | 79,455 | 127,122 | 95,870 | 94,338 |
| Average price of wheat | 32s. 7d. | 32s. 6d. | 33s. 3d. | 34s. 1d. | 37s. 3d. |
| Price of consols..... | 98 | 95½ | 96½ | 95½ | 102½ |
| Bar silver, fine, per oz. standard.. | 49d. | 48½d. | 49½d. | 49½d. | 51d. |
| 3 % French Rentes | 78·5 | 76·47½ | 77·90 | 77·70 | 76·67½ |

Telephone No. 1723.

ESTABLISHED 1821.

**APPOLD ST.
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SKINNER ST.,
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BANK OF MONTREAL.

ESTABLISHED 1818.

INCORPORATED BY PROVINCIAL PARLIAMENT

Capital Paid Up, £2,465,753 Sterling.

Reserve Fund, £1,232,876.

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GUARDIAN

Fire & Life Assurance Company.

Established 1821, and Empowered by Special Acts of Parliament.

| | | | | | |
|---------------------|-----|-----|-----|-----|-------------------|
| SUBSCRIBED CAPITAL | ... | ... | ... | ... | £2,000,000 |
| PAID-UP CAPITAL | ... | ... | ... | ... | 1,000,000 |
| TOTAL FUNDS IN HAND | ... | ... | ... | ... | 3,861,000 |
| TOTAL INCOME, OVER | ... | ... | ... | ... | 718,000 |

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Manager of Fire Department—F. J. MARSDEN.

Actuary and Secretary—T. G. C. BROWNE.

Bankers—Messrs. MARTIN & Co., 68, Lombard Street.

LAW COURTS BRANCH—21, FLEET STREET.

Branch Manager—RALPH P. HARDY.

Bankers—Messrs. CHILD & Co., 1, Fleet Street.

LIFE DEPARTMENT.

The last Quinquennial Valuation was made on the basis of the Institute of Actuaries' (HM) Table of Mortality and 5 per cent. interest. The Valuation was strictly a net premium one, the whole of the loading being reserved.

FEATURES OF LIFE POLICIES.

PAYMENT OF CLAIMS is generally made immediately after proof of death and title.

A GUARDIAN Policy of 5 years' standing can be revived within thirteen months on payment of the premiums overdue and a fine, no evidence of health being required.

A GUARDIAN Policy of 5 years' standing is free from all restrictions as to foreign residence and travel, provided the life assured has attained the age of 30, and has not previously exceeded the free limits, nor is in the military, naval, nor mercantile marine services.

Forfeiture of a GUARDIAN Policy on account of Suicide is limited to thirteen months.

A GUARDIAN Policy is indisputable on the ground of any *bona fide* error in the proposal after the age has been admitted.

The GUARDIAN issues, when required, special forms of Trust Policies for Wife and Children.

The GUARDIAN system of Paid-up and Non-Forfeiture Policies gives ample protection to Policy-holders who from any cause cannot continue their periodical payments.

LOANS are granted on Life Policies to nearly the amount of the Surrender Value.

LIFE FUND (1883), £2,217,000.

LIFE INCOME, £281,000.

FIRE DEPARTMENT.

Insurances Effectuated upon Property at Home and Abroad at Moderate Rates.

FIRE FUND (1883), £457,000.

FIRE INCOME, £381,000.

The Capital and Counties Bank, Limited.

ESTABLISHED 1834.

Subscribed Capital, £2,000,000.

Paid-up Capital, £400,000. Reserve Fund, £300,000.

Directors.

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COUNTRY BRANCHES.

| | | | |
|------------------|------------|-------------------|-----------------|
| Aldershot | Cowes | Marlborough | Sandown |
| Alresford | Devizes | Melksham | Shanklin |
| Alton | Dorking | Newport, I.W. | Southampton |
| Andover | Emsworth | Odiham | Southsea |
| Basingstoke | Fareham | Petersfield | Swindon |
| Bradford-on-Avon | Gosport | Pewsey | Do. New Town |
| Brighton | Guildford | Portsea | Trowbridge |
| Brighton, West | Hastings | Portsmouth | Ventnor |
| Bristol | Havant | Reading | Warminster |
| Burgess Hill | Highworth | Redland (Bristol) | Westbury |
| Calne | Hungerford | Romsey | Winchester |
| Chichester | Jersey | Ryde | Woolwich |
| Chippenham | Landport | Salisbury | Wootton Bassett |
| Corsham | Malmesbury | | |

CURRENT ACCOUNTS opened in London on terms usual among London Bankers. Where inconvenient for customers to maintain a remunerative balance, a moderate Commission is charged.

DEPOSIT RECEIPTS issued in London, and Interest allowed at rates as advertised from time to time, or for fixed periods and rates as may be agreed upon.

At the Country Branches, Current Accounts opened, Deposit Receipts issued, and all other Banking business transacted on the usual terms.

Approved Bills discounted, and Loans made upon Securities.

Dividends and Coupons collected.

Circular Notes and Letters of Credit can be obtained payable in the principal Cities and Towns of the Continent, and Letters of Credit are issued payable in New Zealand, Australia, and elsewhere.

Facilities given for the transmission of money between London and the Towns where the Company has Branches.

The Agency of Foreign and Country Banks is undertaken.

Investments in and Sales of Home and Foreign Securities effected.

The Officers of the Bank are bound to secrecy.

London & South Western Bank, LIMITED.

Capital £1,000,000, in 20,000 Shares of £50 each.

Paid-up Capital, £300,000.

Reserve Fund, £35,000.

Directors :

LT.-COL. GEORGE A. ELLIOT, J.P.

W. FRANKLIN Esq.

W. M. MACKENZIE, Esq.

G. N. MARTEN, Esq.

SIR G. R. PRESCOTT, BART.

H. WETHERED, Esq.

Joint General Managers :

GEORGE T. GOODINGE AND WILLIAM HERBAGE.

Assist. Manager—JOHN LISCOMBE.

Branch Inspector—JOHN WILLIAMS.

Head Office :—7, FENCHURCH STREET, E.C.

West End Branch :—27, REGENT STREET, S.W.

ACTON ... High Street.
ADDISCOMBE ... Lower Addiscombe Rd.
ANERLEY ... 135, Anerley Road.
BALHAM ... 17, Ramsden Road.
BATTERSEA ... Battersea Park Road.
BERMONDSEY ... 159, Old Kent Road.
BOW ... 90 & 92, Bow Road.
BRIXTON, North ... 275, Brixton Road.
BRIXTON, South ... 451, Brixton Road.
CAMBERWELL ... 250, Camberwell Road.
CAMDEN TOWN ... Park Street.
CHISWICK ... High Road.
CLAPHAM ... Clapham Common.
CLAPHAM JUNC. ... 3, Garfield Terrace.
CROYDON ... North End.
EALING ... The Broadway.
FINSBURY ... 82, Finsbury Pavement.
FINSBURY PARK ... Finsbury Park Bldgs.
FOREST GATE ... 3, Romford Cross.
FOREST HILL ... High Street.
HAMSTEAD ... High Street.
HARROW ROAD ... 6, Sutherland Gardens.

HENDON ... The Institute.
HIGHGATE ... High Street.
HOLLOWAY ... 403, Holloway Road.
KENTISH TOWN ... 228, Kentish Town Rd.
KILBURN ... Station Road.
LOWER NORWOOD ... 435, Norwood Road.
NOTTING HILL ... 137, Ladbroke Grove.
PECKHAM ... High Street.
POPLAR ... 193, E. India Dk. Rd.
PUTNEY ... 127, Upper Rd., Richmond.
ST. JOHN'S WOOD ... Wellington Road.
SHEPHERD'S BUSH ... Uxbridge Road.
SOUTH NORWOOD ... High Street.
STEPNEY ... 368, Commercial Rd.
STREATHAM ... Streatham Road.
SYDENHAM ... Bank Buildings.
TOOTING ... The Broadway.
UPPER NORWOOD ... Westow Hill.
WANDSWORTH ... Bank Buildings.
WEST BROMPTON ... 202, Fulham Road.
WIMBLEDON ... The Broadway.

COUNTRY BRANCHES :

BRISTOL. | HONITON. | OTTERY ST. MARY. | SIDMOUTH.

Current Accounts are opened on the terms usually adopted by Bankers. In cases where a remunerative balance is not maintained, a small charge for commission is made.

Deposits of £10 and upwards are received, subject to seven days' notice of withdrawal, and interest is allowed thereon at the current rate of the day. Deposits are also received for fixed periods, according to arrangement.

Money can be paid in at the Head Office, or at any Branch, for Customers' Accounts.

The Agency of Country and Foreign Banks is undertaken, and every description of Banking business is transacted.

Investments and Sales of all descriptions of British and Foreign Securities, &c., are effected, and Dividends and Military and other Pay and Allowances are received.

Drafts on Demand, Circular Notes, and Letters of Credit are issued.

The Officers of the Bank are bound not to disclose the transactions of its Customers.

LONDON & COUNTY BANKING COMPANY LIMITED.

Established in 1836, and Registered in 1880 under "The Companies' Acts, 1862 to 1879."

**CAPITAL £8,000,000, IN 100,000 SHARES
OF £80 EACH.**

| | | | | | |
|-----------------|-----|-----|-----|-----|------------|
| Paid-up Capital | ... | ... | ... | ... | £2,000,000 |
| Reserve Fund | ... | ... | ... | ... | £1,000,000 |

HEAD OFFICE: 21, LOMBARD STREET.

Head Office Manager :—WILLIAM HOWARD, Esq.

Deputy Manager :—JOHN EDWARD BAGULEY, Esq.

Secretary :—GEORGE GOUGH, Esq.

The London & County Banking Company, Limited,

Opens **DRAWING ACCOUNTS** with Commercial Houses and Private Individuals, upon the plan usually adopted by other Bankers.

DEPOSIT ACCOUNTS.—Deposit Receipts are issued for sums of Money placed upon these Accounts, and Interest is allowed for such periods and at such rates as may be agreed upon, reference being had to the state of the Money Market.

CIRCULAR NOTES and LETTERS OF CREDIT are issued payable in the principal Cities and Towns of the Continent. Letters of Credit are also issued payable in Australia, Canada, India, China, the United States, and elsewhere.

The Agency of Foreign and Country Banks is undertaken.

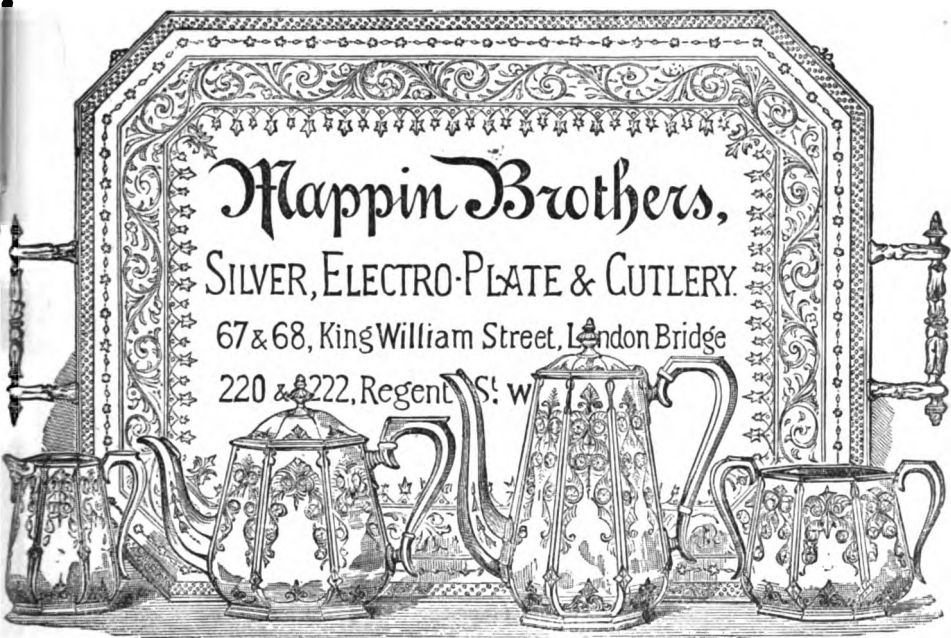
The *Purchase and Sale* of Government and other Stocks, also of English and Foreign Shares, are effected. *Dividends, Annuities, &c.*, are received for Customers of the Bank.

Great facilities are afforded to the Customers of the Bank for the receipt of Money both from and in the Towns where the Company has Branches.

The Officers of the Bank are bound not to disclose the transactions of any of its Customers.

By Order of the Directors,

W. McKEWAN, *General Manager*



CATALOGUES SENT ON APPLICATION.

FIELD'S CHEMICAL INK

IS USED AT THE

LONDON & WESTMINSTER BANK—

CHIEF OFFICE, LOTHBURY AND BRANCHES;

HERRIES, FARQUHAR & Co.'s BANK;

and other principal London, Country, & Foreign Banks.

SOLD BY ALL STATIONERS.

SAMPLES FREE ON APPLICATION.

BIRKBECK BANK,

ESTABLISHED 1851.

29 & 30, SOUTHAMPTON BUILDINGS, CHANCERY LANE, LONDON.

THREE per CENT. INTEREST allowed on DEPOSITS, repayable on demand.
TWO per CENT. INTEREST on CURRENT ACCOUNTS calculated on the minimum monthly balances, when not drawn below £50.

The Bank undertakes the custody of securities of customers, and the collection of Bills of Exchange, Dividends, and Coupons. Annuities, Stocks and Shares purchased and sold, and advances made thereon.

Letters of Credit and Circular Notes issued for all parts of the world.

The utmost facilities are afforded to those keeping Accounts with the Bank for the receipt and payment of Annuities, and for the transmission of money to the Colonies, the Continent, and America. The Bank acts also as Agents for receiving the Pay and Pensions of Officers of the Army and Navy, and their Widows and Children, at home or abroad.

| ABSTRACT OF THIRTY-SECOND ANNUAL BALANCE SHEET, MARCH, 1884 | |
|---|------------|
| Amount at Credit of Current and Deposit Accounts | £2,884,773 |
| Investments in the English Funds and other Convertible Securities, and Cash in hand | £3,713,960 |
| Permanent Guarantee Fund, invested in Consols | £200,000 |
| Amount of Assets in excess of Liabilities | £100,007 |
| Number of Current and Deposit Accounts | 38,169 |

The BIRKBECK BANK accepts neither personal security for advances, nor discounts bills for customers, except with collateral security; so that it enjoys an immunity from losses unknown to either joint-stock or private banks. The Bank has no Branches or Agents. All communications should be addressed to

FRANCIS RAVENSCROFT, *Manager*.

The BIRKBECK ALMANACK, with full particulars, on application.

January 1st, 1885.

The Number of the Birkbeck Bank in connexion with the Telephone Exchange is 2508.

Just Published, Price 2/6, Post Free.

THE PROMISED LAND :

OR,

Nine Years (Gold Mining, Hunting, and Volunteering) in the Transvaal.

BY
E. V. C.

An original, bright, and sparkling account of personal adventure and experience in a land which is now attracting much attention from, and entailing great responsibilities upon, our Home Government.

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28, ABCHURCH LANE, LOMBARD STREET, LONDON, E.C.

BANKERS AND THEIR CLIENTS.

Just Ready. Crown 8vo. 7s. 6d.

THE COUNTRY BANKER:

HIS CLIENTS, CARES, AND WORK.

From the Experience of Forty Years.

BY GEORGE RAE,

Author of "Bullion's Letters to a Bank Manager."

"My desire is less to advance special views of my own, than to exemplify and uphold, from fresh points of observation, the accustomed lines and recognized limits of prudent Banking; a rational observance of which would have rendered the Bank failures of our time fewer in number, less scandalous in their revelations, and less calamitous in their results."—*Author's Preface.*

JOHN MURRAY, Albemarle Street, LONDON.

AUSTRALIAN BANKING:

A few Remarks in reference to Current Questions,

By TWO BANK OFFICERS.

CONTENTS:

- CHAPTER I.**—Telegraphic Transfer of money: Some methods of dealing with Telegraphic Transfers: Objections to the proposed methods: Letters in the *Statist*: Telegraphic Transfers—Cash transactions: Till Money.
- CHAPTER II.**—Income-Tax—Preliminary remarks: Action of the Board of Inland Revenue: Acts of Parliament: Probable effects of the recent order to some of the Australian Banks: Future Action of the Board of Inland Revenue: Concluding remarks.
- CHAPTER III.**—Competition: Is a war of rates in London judicious? Mortgage Companies; Debentures: The Bank of South Australia—the Comptoir d'Escompte de Paris: Extracts from letters in the *Statist*: The *St. James's Gazette* on the Bank of South Australia.
-

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PRICE ONE SHILLING.

POST FREE.

Banking in Australasia,

From a London Official's point of view,

With some Remarks on Mortgage and Finance Companies.

OPINIONS OF THE PRESS.

"Contains a great deal of matter which will be found of interest."—*Times*.

"Is the first attempt to bring into a tangible form the history of the Australian banks. . . . The Chapters on Competition, Advances on Produce, and the Telegraphic Transfer of Money discuss matters in dispute, but the arguments on both sides are fairly stated, and the conclusions arrived at appear reasonable."—*Standard*.

"The subjects are dealt with in a manner which shows a thorough practical acquaintance with the details of Colonial banking business."—*Daily Telegraph*.

"The work concludes with some interesting biographical notices of the pioneers in Australian banking, which cannot fail to be read with interest."—*Morning Post*.

"Traces the growth of banking in the Australian Colonies in a very useful manner."—*Pall Mall Gazette*.

"Contains a strong and able recommendation of the issue of debentures as negotiable interest-bearing documents by the Australian banks. . . . There seems something anomalous in the Australian banks having to pay, as they now sometimes have to do, higher rates of interest than the Mortgage and Finance Companies."—*Economist*.

"Many interesting topics connected with the Australasian banking system are passed under review."—*Statist*.

"Interesting. The author has brought together a great deal of valuable information."—*Money Market Review*.

"The historical, statistical, and biographical portions of this work are interesting."—*Bullionist*.

"Neat, clear, perspicuous. . . . The author has in several places given suggestions which evidence the deep thought which he has given to the subject he has undertaken, and these, to our mind, are invaluable."—*Bankers' Magazine*.

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"Makes a seemingly dry subject popular."—*Dundee Advertiser*.

"The author is evidently at home in the important subjects of which the volume treats, and capable of discussing them from a thoroughly practical as well as theoretic stand-point."—*Aberdeen Journal*.

"Interesting and most readable."—*Perthshire Journal*.

"Much valuable statistical information is afforded."—*Scottish Banking Magazine*.

"An instructive and comprehensive treatise. Includes in its wide scope all the varied phases of Australian Banking."—*Irish Banking Journal*.

London : BLADES, EAST & BLADES, 23, ABCHURCH LANE, E.C.

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The Council of the Institute of Bankers desire it to be distinctly understood, that Authors alone are responsible for the contents of their Papers, both as to matters of fact and of opinion, and, also, that the Institute accepts no responsibility for the opinions which may be expressed in the various discussions.

BY ORDER OF THE COUNCIL.

CALENDAR FOR SESSION 1884-85.

OCTOBER, 1884.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

NOVEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

DECEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | 31 |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JANUARY, 1885.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

FEBRUARY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|--|
| Sunday | ... | 1 | 8 | 15 | 22 | |
| Monday | ... | 2 | 9 | 16 | 23 | |
| Tuesday | ... | 3 | 10 | 17 | 24 | |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

MARCH.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | 31 |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

APRIL.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

MAY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Friday | ... | 1 | 8 | 15 | 22 | 29 |
| Saturday | ... | 2 | 9 | 16 | 23 | 30 |
| Sunday | ... | 3 | 10 | 17 | 24 | 31 |
| Monday | ... | 4 | 11 | 18 | 25 | |
| Tuesday | ... | 5 | 12 | 19 | 26 | |
| Wednesday | ... | 6 | 13 | 20 | 27 | |
| Thursday | ... | 7 | 14 | 21 | 28 | |

JUNE.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

JULY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | 31 |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

AUGUST.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | 31 |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

SEPTEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

The Dates of Meetings are distinguished by *large black figures*.

The Institute of Bankers,

2, ST. MICHAEL'S HOUSE,

CORNHILL, E.C.,

LONDON, *June*, 1885.

THE Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institution, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the *Journal*, or by advertisement in the principal papers about one week before each meeting. Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the Ordinary Meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interest to the Profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the Profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the *Journal* as the Council may determine.

If not out of print, *members* may obtain a *single* copy of each of the back numbers of the *Journal* at the reduced price of 1s. each. A few volumes bound in morocco, can be obtained at 15s. each volume.

The *Journal* is for the present published in eight consecutive months, namely, from December to the June following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, Members are especially requested to inform the Secretary, without delay, of any change in their Addresses.

THE LIBRARY.

The Council request the attention of Members to the following list of works, which, among others, are required in the Library:—

Economist. Volumes prior to 1856.
 Journal of the Statistical Society. Vols. prior to 1874.
 Early copies of the London Directory.
 Banking Almanac prior to 1861, and for 1878.
 The Annual Register.
 Hansard's Parliamentary Debates.
 Tooke's History of Prices.
 Lord Overstone's Select Tracts on Currency, &c.
 British Association Reports.
 Ruding's Annals of the Coinage.
 Vaughan's Discourse on Coins and Coinage.
 Patrick's Records of the Coinage of Scotland.
 Kenyon's Gold Coins of England.
 Anderson on Commerce.

ELECTIONS.

The following is a list of those elected since the publication of the *May Journal*.

FELLOWS.

| | |
|--------------------------|---|
| ROBERT DUNLOP BUCHANAN | Queensland National Bank, 29, Lombard Street, E.C. |
| JAMES H. B. COATES | National Bank of New Zealand, Auckland, New Zealand. |
| ALFRED GEORGE MULLINS... | Bank of Africa. |

ASSOCIATES.

| | |
|--------------------------|--|
| JOSIAH RICHARDSON..... | Alliance Bank, 4, Bartholomew Lane, E.C. |
| SAMUEL ALFRED SURREY ... | London and County Bank, Newbury. |

ORDINARY MEMBERS.

| | |
|-------------------------|--|
| CHARLES WILLIAM CHILMAN | Bank of New Zealand, Wellington, New Zealand. |
| JULIUS OTTWAER FEIL | Messrs. E. Lazard & Co., 35, Lombard Street, E.C. |

The Institute of Bankers.

JUNE, 1885.

REPORT of the COUNCIL for the FINANCIAL YEAR ended 31st December, 1884, and for the Session 1884-85, to the 30th April last, presented at the SEVENTH ANNUAL GENERAL MEETING of the INSTITUTE OF BANKERS, held in the Theatre of the London Institution, Finsbury Circus, E.C., on the 20th May, 1885.

RICHARD B. MARTIN, Esq., M.P., President, in the Chair.

The Circular convening the Meeting having been read, the following Report was then presented :—

THE COUNCIL have again the pleasure to present their Annual Report, and congratulate the Members on the success which has attended the operations of the Institute during the sixth year of its existence.

The Roll of the Institute now consists of the following :—

| |
|--------------------|
| 19 Life Fellows, |
| 372 Fellows, |
| 8 Life Associates, |
| 565 Associates, |
| 813 Members. |
| <u>1,777</u> |

These figures exhibit the same changes as have been remarked in previous Reports, namely, an increase in the number of Fellows and Associates, with a corresponding increase in the income from subscriptions, and a decline, though a decreasing one, in the number of Ordinary Members.

The progress of the Institute will be seen from the following table :—

| Year. | Income from Subscriptions. | | | Total Income. | | | Investments. | | |
|-------|----------------------------|----|----|---------------|----|----|--------------|----|----|
| | £ | s. | d. | £ | s. | d. | £ | s. | d. |
| 1879 | 1,259 | 12 | 0 | 1,377 | 11 | 11 | 105 | 0 | 0 |
| 1880 | 1,383 | 4 | 3 | 1,564 | 5 | 5 | 189 | 0 | 0 |
| 1881 | 1,693 | 7 | 9 | 1,907 | 1 | 5 | 220 | 10 | 0 |
| 1882 | 1,700 | 14 | 9 | 1,940 | 12 | 6 | 325 | 10 | 0 |
| 1883 | 1,716 | 9 | 9 | 1,976 | 10 | 1 | 346 | 10 | 0 |
| 1884 | 1,730 | 13 | 8 | 2,074 | 14 | 9 | 688 | 10 | 0 |

Since the issue of the last Annual Report, eight Ordinary Meetings have been held, at which the following papers were read, viz. :—

SESSION 1883–84.

Wednesday, 21st May, 1884.—Mr. JAMES DICK read a paper on “Banking Statistics : a record of nine years’ progress, 1874 to 1883.”

The annual General Meeting was held previously to the reading of Mr. Dick’s paper.

SESSION 1884–85.

Wednesday, 15th October, 1884.—Mr. ROBT. W. BARNETT read a paper on “The Action of the New York Clearing House Association during the recent crisis.”

Wednesday, 19th November, 1884.—Mr. R. H. INGLIS PALGRAVE, F.R.S., read a paper on “The Gold Coinage : position of matters at the present time.”

Wednesday, 17th December, 1884.—Mr. L. HANSARD read a paper on “The Prices of some Commodities during the decade, 1874–83.”

Wednesday, 21st January, 1885.—A paper on “Lotteries ; the part they have played in State and Private Finance,” by Mr. CORNELIUS WALFORD, was read.

Wednesday, 18th February, 1885.—Mr. T. B. MOXON read a paper on “English Banking Practice.”

Wednesday, 18th March, 1885.—Mr. H. SCHMIDT read a paper on “The present position of the Silver Question.”

Wednesday, 15th April, 1885.—Professor CHANDLER ROBERTS read a paper on “Assays.”

The Council congratulate the Members on the value of these papers, which, with the attendant discussions, will be found duly recorded in the *Journal*.

THE FACTORS’ ACTS.

The unsatisfactory condition of the law with respect to Bills of Lading, Dock Warrants, Delivery Orders, and other documents comprehended under the designation of “Documents of Title,” has recently engaged the attention of the Council, who, in conjunction with the London Chamber of Commerce, have had under their consideration the expediency of codifying and otherwise reducing to order and system the Factors’ Acts. In addition to a number of legal decisions, the law on the subject is at present contained in four different Acts of Parliament, loosely and ambiguously drawn, wanting in clear definition and abounding in legal pitfalls. It is very important to bankers, through whose hands documents of this nature are daily passing, that the law relating to them should be clear and equitable, and easily

accessible. Mr. John Macdonnell, barrister-at-law, has therefore been entrusted with the drafting of a Bill which it is intended to lay before Parliament during the present Session, with a view in the first instance of codifying the existing law, and all suggestions as to changes which are expedient will then be taken into consideration.

A memorandum describing the present state of the law was published in the *Journal* for March last.

The substantial benefit to the mercantile community of the codification of the law relating to bills of exchange which, it will be remembered, was also undertaken by the Institute in concert with the Associated Chambers of Commerce, leads the Council to hope that their efforts to codify and amend the commercial law may be again attended with success.

THE JOURNAL.

During the year the *Journal* was published nine times, and records the transactions of the Institute with the usual statistical and other information. As the *Journal* affords to members in the provinces and abroad the principal evidence of the work of the Institute, the Council are anxious that it should be as complete as possible, and they have spared no pains to promote this object. With this view, they have added, as a new feature, the publication of the reports of the various joint stock banks in a tabular form, which will prove a valuable and always available record. It will be noticed that under the head of "Miscellanea" are recorded various matters and current news of interest to bankers, and the Council look to members to acquaint them with any subjects of general interest upon which they have special information.

It is intended to re-publish, accompanied by an index, the "Questions on Points of Practical Interest," with the answers, which have appeared in the *Journal*, and they are in course of careful revision for this purpose. The Council believe that this will form a very convenient and useful hand-book, in the arrangement of which facility of reference has been especially kept in view.

It will be seen that the Questions published in the *Journal* show no diminution either in point of number or interest.

EXAMINATIONS, 1884.

The Examinations were held in May, 1884, and the results were published in the *Journal* for June last. There were forty candidates as against thirty-five last year. Of these two passed the final, while eight were successful in the preliminary examination. These latter must pass an advanced examination after an interval of not less than one year, to entitle them to the Certificate of the Institute. Other candidates availed themselves of the option of taking up one or more subjects only, and completing the course at subsequent examinations.

Examinations were held as usual at various centres in the provinces to meet the convenience of country candidates, and the thanks of the Council are due to those gentlemen, who, at their request, undertook the superintendence of these examinations.

Copies of the papers placed before the candidates with a syllabus and other information were published in the *Journal* for June last.

THE LIBRARY.

Since the publication of the last Report, the Library has been removed from the London Institution to the offices of the Institute in St. Michael's House, and in accordance with the announcement already made, members may now borrow books under certain conditions, free of charge. The Council believe that this privilege, combined with the removal of the library to so central a position in the City, is very acceptable to the members, the number of readers and borrowers of books having very largely increased.

Books to the value of £110 were purchased during the year, including the "Encyclopedia Britannica" and other valuable works of reference, and the Council are indebted to the several donors of books for their contributions to the Library, the number of donations having been greater than in any previous year. Attention is directed to the list published in the *Journal* of books and periodicals wanting to complete sets.

For convenience of reference, it is proposed in future to file in the library the reports and balance-sheets of all the joint stock banks, and in many instances the managers have courteously presented, as far as possible, complete sets of the reports of their respective banks.

A Catalogue of the Library, with a list of the donations, was published in the December number of the *Journal*.

THE PRIZE ESSAY, 1884.

The following was the subject of the Prize Essay for the year 1884, for which a first prize of £20 and a second prize of £10 were offered:—

"Periodic Financial and Commercial Fluctuations considered in their relation to the business of Banking."

The prizes will be awarded at the May meeting of the Institute.

Mr. George Rae's prize of £50 for the best Essay "On that System of Bank Book-keeping which shall combine clearness and efficiency with the minimum of book-entry and calculation," was awarded to Mr. W. A. Steel, an Associate of the Institute, and was published in the *Journal* for October last. It will be remembered that Mr. Steel was also the author of the prize essay on Bankruptcy offered by the Council in 1881.

The Council take this opportunity of referring to the exertions on behalf of the Institute of the retiring President, Mr. Richard Biddulph Martin, M.P. The formation of the Institute was largely due to Mr. Martin's efforts, and he has greatly interested himself in its success, and devoted considerable attention to the duties of his office.

A Balance-sheet of Assets and Liabilities is appended, showing a balance in favour of the Institute of £1,581 as compared with £1,332 last year, and the Council have been enabled to invest a sum of £300 in Metropolitan 3½ per cent. Consols, in addition to the investment of £42, representing Life Subscriptions received during the year. The investments now stand at £688 10s.

The Treasurer's Account for the year ended 31st December, 1884, is also submitted herewith.

JOHN BIDDULPH MARTIN, Esq., *Treasurer, in Account with THE INSTITUTE OF BANKERS,*
for the Year ended 31st December, 1884.

£s.

£s.

| | £ | s. | d. | £ | s. | d. |
|---|------|----|----|--------|----|----|
| To Balance as per last Statement | 700 | 6 | 10 | | | |
| " Petty Cash | 0 | 13 | 0 | | | |
| | | | | 700 | 19 | 10 |
| " Life Subscriptions— | | | | | | |
| 1 Fellow at £21 0 0 | 21 | 0 | 0 | | | |
| 2 Associates at 10 10 0 | 21 | 0 | 0 | | | |
| | | | | 42 | 0 | 0 |
| " Annual Subscriptions— | | | | | | |
| 362 Fellows at £2 2 0 | 760 | 4 | 0 | | | |
| 5 " " 1 1 0 | 5 | 5 | 0 | | | |
| 524 Associates at 1 1 0 | 550 | 4 | 0 | | | |
| 1 " " 0 10 6 | 0 | 10 | 6 | | | |
| 786 Members at 0 10 6 | 412 | 13 | 0 | | | |
| 7 " " 0 5 3 | 1 | 16 | 9 | | | |
| | | | | 1,730 | 13 | 3 |
| " Sale of <i>Journal</i> | | | | 62 | 2 | 0 |
| " Income from Investments (including Interest on Deposits) | | | | | | |
| " Advertisements in <i>Journal</i> | | | | 28 | 18 | 8 |
| " Postage Fees | | | | 110 | 0 | 0 |
| " Examination Fees | | | | 6 | 8 | 10 |
| " Circulating Library | | | | 10 | 0 | 0 |
| " Arrears of Subscriptions recovered | | | | 0 | 9 | 0 |
| " Mr. George Rae's Prize for Essay | | | | 8 | 8 | 0 |
| " Bank Clerks' Orphanage | | | | 50 | 0 | 0 |
| " Contribution towards Rent of Offices | | | | 25 | 0 | 0 |
| " Annual Subscriptions, 1886, paid in advance | | | | 51 | 9 | 0 |
| | | | | £2,826 | 8 | 7 |
| By Expenses, namely— | | | | | | |
| Rent of Offices | 274 | 18 | 10 | | | |
| London Institution | 87 | 10 | 0 | | | |
| Salaries | 358 | 10 | 0 | | | |
| Printing and Stationery | 656 | 8 | 6 | | | |
| Advertising | 18 | 13 | 0 | | | |
| Reporting | 23 | 4 | 0 | | | |
| Solicitor and Counsel | 43 | 18 | 4 | | | |
| Postages | 118 | 13 | 11 | | | |
| Petty Cash | 45 | 5 | 7 | | | |
| Literary work for <i>Journal</i> | 15 | 15 | 0 | | | |
| Examination Expenses | 73 | 10 | 0 | | | |
| | | | | 1,716 | 7 | 2 |
| " Cost of Furniture for Offices | | | | 33 | 5 | 9 |
| " Books for Library | | | | 110 | 13 | 0 |
| " Purchase of £923 Os. 11d. Metropolitan 3d per Cent. Stock | | | | 342 | 0 | 0 |
| " Mr. George Rae's Prize for Essay | | | | 50 | 0 | 0 |
| " Cash at Bankers — Deposit Account | £500 | 0 | 0 | | | |
| " Cash at Bankers — Current Account | 73 | 5 | 8 | | | |
| | | | | 573 | 5 | 8 |
| " Petty Cash in Secretary's hands | | | | 0 | 17 | 0 |
| | | | | £2,826 | 8 | 7 |

Audited and found correct.

JAS. McLENNAN, } Auditor.
CHAS. WILSON.

31st March, 1885.

LIABILITIES.

| | £ | s. | d. |
|--|-------|----|----|
| Annual Subscriptions paid in advance | 51 | 9 | 0 |
| Balance in favour of the Institute..... | 1,581 | 3 | 8 |

ASSETS.

| | £ | s. | d. | £ | s. | d. |
|---|-----|----|----|--------|----|----|
| Cash at Bankers | 573 | 5 | 8 | | | |
| Petty Cash in Secretary's hands | 0 | 17 | 0 | | | |
| Investments as per last Statement | 346 | 10 | 0 | 574 | 2 | 8 |
| Purchase of £323 0s. 11d. Metropolitan 3½ per Cent. Stock | 342 | 0 | 0 | | | |
| Office Furniture, as per last Statement..... | 50 | 0 | 0 | 688 | 10 | 0 |
| Additional Purchases | 33 | 5 | 9 | | | |
| Less amount written off..... | 83 | 5 | 9 | | | |
| | 13 | 5 | 9 | | | |
| Books in Library, as per last Statement..... | 135 | 0 | 0 | 70 | 0 | 0 |
| Additional Purchases | 110 | 13 | 0 | | | |
| | 245 | 13 | 0 | | | |
| Less amount written off | 45 | 13 | 0 | | | |
| | | | | 200 | 0 | 0 |
| Journals in Stock, estimated value | | | | 100 | 0 | 0 |
| | | | | | | |
| | | | | £1,632 | 12 | 8 |

Audited and found correct,

1st March, 1885.

JAS. M. BARNES, }
 CHAS. WICK, } Auditors.

The following list of Fellows proposed as Officers and Council of the Institute for Session 1885-86 was, in accordance with the eighth clause of the Constitution, submitted for the consideration of the meeting. Those marked * were either new members or retiring members, who offered themselves for re-election.

President :

***J. HERBERT TRITTON, Esq.**

Vice-Presidents :

| | |
|--|---------------------------------------|
| H. L. ANTROBUS, Esq. | SIR C. H. MILLS, BART., M.P. |
| SIR JOHN LUBBOCK, BT., M.P., F.R.S. | R. H. INGLIS PALGRAVE, Esq. |
| *W. McKEWAN, Esq. | SIR JOHN ROSE, BART., G.C.M.G. |
| *RICHARD B. MARTIN, Esq., M.P. | R. B. WADE, Esq. |

Treasurer :

JOHN B. MARTIN, Esq.

Council :

| | |
|---|--|
| H. F. BILLINGHURST | London and Westminster Bank, Limited. |
| JOHN H. BUTT | Australian Joint Stock Bank. |
| *N. CORK, Esq. | Commercial Bank of Sydney. |
| ROBERT DAVIDSON | Bank of Scotland. |
| JOHN DUN | Parr's Banking Company, Limited. |
| *R. N. FOWLER, M.P. (Lord Mayor) | Messrs. Dimsdale & Co. |
| S. O. GRAY | Bank of England. |
| *J. HOWARD GWYTHYR ... | Chartered Bank of India, Australia & China. |
| *LUKE HANSARD | Messrs. Martin & Co. |
| A. S. HARVEY | Messrs. Glyn & Co. |
| *WILLIAM HOWARD | London and County Banking Co., Limited. |
| *A. G. KENNEDY | City Bank, Limited. |
| W. C. MULLINS | Chartered Bank of India, Australia & China. |
| C. T. MURDOCH | Messrs. Ransom, Bonverie & Co. |
| W. F. NARRAWAY | London Joint Stock Bank, Limited. |
| CHARLES T. PRAED | Messrs Praeds & Co. |
| F. G. HILTON PRICE | Messrs. Child & Co. |
| T. G. ROBINSON | National Provincial Bank of England, Limited. |
| HON. H. D. RYDER | Messrs. Coutts & Co. |
| ROBERT SLATER | Union Bank of London, Limited. |
| MARTIN RIDLEY SMITH ... | Messrs. Smith, Payne & Smiths. |
| H. L. TAYLOR | Bank of Victoria. |
| T. R. WILKINSON | Manchester and Salford Bank, Manchester. |
| ROBERT WILLIAMS, JUN. ... | Messrs. Williams, Deacon & Co. |

The PRESIDENT : Our first business is the Annual General Meeting. You have all had the report circulated among you, and therefore I will ask you to take it as read. In moving the adoption of the Council's report and the treasurer's account and balance sheet of assets and liabilities I need not detain you very long. I will only say that the Institute—and in saying so I will congratulate you—continues in a very flourishing condition. We have now a total of 1,777 members, 19 of whom are Life Fellows, 372 Fellows, 8 Life Associates, 565 Associates, and 813 Members, as against 1,758 in the last report. Our total income for the year 1884 was over £2,000, for the first time—£2,074—and we have £688 10s. invested. With regard to the library, I may mention that it has been found that since it has been moved to the offices of the Institute in St. Michael's House it has been very largely made use of by the members of the Institute. I believe I am right in saying this using of the library is increasing, and the more the library gets known and the more its valuable character is appreciated, so much the more I hope it will be used. Since the last annual meeting no Act of Parliament has been passed especially affecting our interests, and the proposals of the Chancellor of the Exchequer as to the gold currency which have been alluded to here, have been withdrawn and held over until next year, when it is hoped another effort will be made to be able to deal with the subject. With regard to the Bankruptcy Act, in which the Institute has taken so large an interest, we have been making a series of inquiries among the bankers all over the kingdom as to its working, and we have had returns from a considerable number of them, and they are now before the Council, and are being sifted and analysed. The result as far as can at present be judged may be said to be favourable to the Act. I will not trouble you with any lengthy observations on the Factors' Acts. A Bill for codifying these has been drawn in accordance with instructions of the Institute and of the London Chamber of Commerce. It is a subject of great importance to bankers, and will I hope receive full attention hereafter. I fear there is no chance of its being dealt with by the House of Commons this session. The "Questions on Points of Practical Interest," contained in the first five vols. of our *Journal*, having been collected, classified and indexed by our Secretary, have now been revised by the Council, and will I hope shortly be procurable by our members, who will, I have no doubt find them of very great use. We have some promises with regard to papers next session. Mr. Moxon has offered to give us his second and concluding paper on "English Banking Practice," and Professor Foxwell, our examiner in Political Economy, will read a paper on "Banking Business from a Social Point of View." I do not know that I need trouble you with any further observations, and I will move "That the Council's report, the treasurer's account, and the balance sheet of assets and liabilities before you be received and adopted."

The resolution was then put by the President and agreed to unanimously.

The PRESIDENT : The next business is to announce that with regard to the Prize Essay of the session the arbitrators have reported in favour of the essay bearing the motto, "There is a tide in the affairs of man," and they recommend that the first prize be awarded thereto. They do not consider any other essay was of sufficient merit to entitle it to the award of the second prize. The name of the prize essayist is contained in this envelope, which I will open.

The President having opened the sealed envelope bearing the successful motto, it was found that the prize had been gained by Mr. William Anderson Steel, of the private drawing office of the Bank of England.

The PRESIDENT : I may now announce that the subject for next year's essay, for which prizes of £20 and £10 will be given, is "The Effect on Commerce of the Law of Limited Liability." The conditions will appear in the June number of the *Journal*. The next business on the agenda is to propose the list of officers for the ensuing year, a copy of which list all members have in their hands.

Mr. Tucker and Mr. Coote having been appointed scrutineers, a ballot was taken, and on presentation of their report the President announced that the gentlemen named on the printed list were elected as the Officers and Council for the ensuing year.

A cordial vote of thanks was then given to Mr. J. M. Barnes and Mr. Wick, the auditors for the past year, and these gentlemen were again unanimously elected auditors for the ensuing year.

A unanimous vote of thanks was then given to the Council for their services during the past year, and acknowledged by Mr. Ryder.

Mr. Harvey then proposed, and Mr. Slater seconded, a vote of thanks to the retiring President, Mr. R. B. Martin, M.P., for his valuable services during the two years he had occupied the presidential chair. This was carried unanimously, and acknowledged by the President. The business of the ordinary meeting was then proceeded with.

The Institute of Bankers.

R. B. MARTIN, Esq., M.P., President, in the Chair.

ON THE RATIO A BANKER'S CASH RESERVE SHOULD BEAR TO HIS LIABILITY ON CURRENT AND DEPOSIT ACCOUNTS, AS EXEMPLIFIED BY THE LONDON CLEARING JOINT STOCK BANKS; AND ON THE RELATION OF THE CLEARING BANKS TO THE BANK OF ENGLAND.

By W. J. AITCHISON, Esq., Fellow of the Institute.

Quotations of amounts from the Tables are with 000's omitted.

[Read before the Bankers' Institute, Wednesday, May 20th, 1885.]



FREQUENT complaints are made against the London Clearing Banks that they do not keep sufficient reserves, but rely on the Bank of England in times of pressure. Such charges are either capable of being substantiated or are made under a misapprehension, and the present enquiry is an attempt to ascertain the facts. The cash reserves are alone made the subject of enquiry, because it is there where the banks are said to be deficient, the other reserves in the shape of investments, &c., not being included, whilst the liabilities are confined to the current and deposit accounts, because it is from them alone that sudden demands can arise. No *à priori* reasoning, in my opinion, can be offered on the relation to be preserved between a banker's cash reserve and his liability on current and deposit accounts. It is simply a matter of experience. To the experience, therefore, of the London clearing joint stock banks the appeal has been made. It would have been more satisfactory if the accounts of the whole of the clearing banks could have been compared; but at present the private banks do not publish their balance sheets, and their accounts could not, therefore, be included in the enquiry.

Table A gives the experience of the London clearing joint stock banks in a tabular form ; but having been prepared from the half-yearly balance-sheets is open to the objections urged against them. It is stated that these balance-sheets are dressed up at the half-year to meet the public eye ; but even supposing the assertion to be true, they will suit our purpose, because then they show the reserves the bankers would have people believe them to keep, and therefore may be taken as the outside amount that their experience proves to be necessary. It will be seen from the table that 1880 is the first year when the figures of all the banks are recorded, whilst the 31st December, 1874, is the first time when more than half the number appears, and the reason is that a uniform system of accounts has not yet been adopted ; in fact, it is only through the courtesy of two of the banks, who furnished figures not published in their printed balance-sheets, that even five are shown as early as 1866. The table extends over a period of eighteen years, and comprises thirty-six comparisons. It includes a panic in 1866, and two financial strains in 1873 and 1878 ; and although the number of banks forming the table is so limited, the vicissitudes through which they have passed during the period should answer the purpose of a larger selection. The method of totalling the figures for each half-year has been adopted in order to minimise individual peculiarities ; the amount of the current and deposit accounts on the one hand, and of the cash in hand and at the Bank of England on the other, being totalled, and the ratio per cent. of the latter to the former being calculated. A grand total of the two items for the whole period is also made, and the ratio per cent. shown, whilst the deviation of the various half-yearly averages from the general average is shown in Table B, the black line representing the half-yearly averages, and the red one the general average. It will be seen that 14·76 is the general average, or the ratio per cent. of reserve to liabilities towards which all the banks appear to tend ; but the half-yearly averages differ in many instances from the general average, and to establish a tendency an explanation must be found of the causes of difference.

The largest differences are in June, 1866, June, 1875, and December, 1878, and are readily explained by the crisis in May, 1866, the failures, including that of Collie in June, 1875, and the stoppages of banks, including that of the City of Glasgow Bank in October, 1878, when bankers increased their reserves to be in a position to meet unforeseen contingencies. But the minor differences, such as those in June, 1870, June, 1872, June, 1874, December, 1879, June, 1880, December, 1882, and December, 1883, are not so easy of explanation. For the first three there appears to be no sufficient reason. The bank rate was 3 per cent. in the first two instances, and 2½ per cent. in the third, and the probability is that one or more of the five banks on the list miscalculated the sums that would be paid in by its customers, and locked up in the first case with

too large, and in the other two cases with too small a balance. It is difficult for a banker to make his outgoings and incomings accord on the 30th June and 31st December. Many of his customers increase their balances on those days, and in a large business the effect in the aggregate is such that it is next to impossible accurately to gauge the extent of the movement. In 1879 the banks still had the recollection of the failure of the City of Glasgow Bank strongly before them, besides suffering from stagnation of business, the result of the collapse in 1878, whilst in June, 1880, and, I may add, in December of the same year, although that half-year is referred to below, no recovery had as yet taken place. In December, 1882, and December, 1883, the differences are largely owing to a single bank, which presented its figures in the general form for the first time in 1880, and which does not find it necessary to keep so large a proportion of reserve as its fellows. June, 1868, December, 1869, June and December, 1877, June, 1878, December, 1880, June, 1881, and June, 1882, may be said to coincide with the general average; four of the half-years do coincide absolutely, whilst the other four differ very slightly, and the only half-year to be specially noticed is December, 1880, the coincidence of which results from the practice of the bank above referred to. The remaining half-years vary between 13·24 in December, 1872, and 16·52 in June, 1879, half of them being within the unit of difference. As regards these differences there is little to be said beyond this, that after a period of crisis or semi-crisis the cash reserves of the banks are increased, whilst during the years of confidence they are allowed to fall away; but it will be noticed that, whilst they vary above the general average to the extent of 4·70, they never fall below it beyond 2·27, and that up till June, 1874, only five banks appear in the table, whilst even by December, 1878, the full number had not been reached.

These explanations are necessarily not absolute in all the cases, but they seem sufficient to establish the tendency to a ratio of 14·76 per cent., and thus to furnish a reply to the first question in the paper; but the percentage being admitted, the further question arises as to whether it is affected by the practice the clearing banks have adopted of keeping their cash reserves at the Bank of England, and leads to the consideration of the second charge stated at the beginning of the paper. It is asserted that the clearing banks do not themselves keep sufficient reserves, but throw that duty on the Bank of England, and that they are enabled to pursue this practice by the course they have adopted of lending money at call to the bill brokers. A banker naturally wishes to employ at a profit as much of his funds as he can with safety, and the charge against the bankers substantially amounts to this,—that in times of pressure for the repayment of loans, the brokers are only in a position to repay the money called from them through the aid of the Bank of England, which is afforded to meet a difficulty created by the bad method of business adopted by the

bankers. Is this so? Are the bankers wrong in lending any of their money at call? And with what funds does the Bank of England make its advances? So far as the first question goes, bankers are surely at liberty to lend their money in such a manner as suits them best, provided they meet their engagements, and the only matter for their consideration is whether the money so lent at call will be paid when called, and if not whether it will affect their stability. If they understand their business their stability will not be affected, whatever happens, for the security they hold should realize the full equivalent of the advances they make, and the time of payment ought never to be of vital consequence. That the position of the clearing banks has been secure, notwithstanding their practice of lending money at call is a matter of history, and that, too, in spite of the inability of certain brokers, on some occasions, to respond to the call when made.

The second question as to the funds with which the Bank of England makes its advances does not so readily find an answer. On the surface it seems simple enough. With what funds but its own can the Bank of England make advances? But further investigation reveals a curious complication. The Bank of England is divided into an issue and a banking department, and whilst the latter is the Bank of England proper, the former is practically a department of the State. For what has the issue department to do with the Bank of England? It is not a bank; it is an office for the issue of legal-tender notes, and although they are called Bank of England notes, the Bank of England can use no discretion in their issue. It simply issues them in accordance with the provisions of the Bank Act of 1844. The banking department on the other hand is the Bank of England; it is a joint stock bank working under its charter. Now the Bank of England receives the bankers' balances, their cash reserves, in virtue of its being a department of the State for the issue of notes, whilst it takes account of them in its banking department, thus seeming to be in the possession of funds which it would not have in the natural course of things. I say the natural course of things, because the issue of a State note by a joint stock bank in its own name is thoroughly artificial, whilst the correctness of the statement that the Bank of England receives the bankers' balances in virtue of its office as issuer of State notes will at once appear if, for the purposes of the enquiry, we assume the issue department to be a department of the State elsewhere than at the Bank of England. In that case the clearing banks would not deposit their notes at the Bank of England. No purpose would be served by adopting such a course of proceeding, for then the Bank of England would be like any other joint stock bank, and the clearing banks might as well lodge their notes at the London and Westminster Bank, or at Glyn's, or at any other clearing bank, as at the Bank of England. No. They would certainly deposit them at the department of the State for the issue of

notes, for thus, as under the present arrangement, the clearing banks would be relieved from the risk attending the possession of large sums of available cash, whilst the State issue department by allowing cheques to be drawn upon it would so far save the cost of the manufacture of notes.

On the assumption that the legal-tender notes ought to be issued by a department of the State, and to show the real position of the Bank of England, Table C has been prepared, giving the bankers' balances, and the deposits and reserve with the bankers' balances deducted from them, in separate columns, as well as the ratio per cent. between the yearly total of the reserve and the deposits thus reduced. The table only extends over a period of twelve years, from 1866 to 1877, because 1877 is the last year in which the bankers' balances were included in the returns of the Bank of England ordered to be published by the House of Commons. In this table the italic figures represent a minus sign, or the instances where the bankers' balances exceed the Bank of England's reserve; and in the years that they occur they are totalled and deducted from the total of the ordinary figures to show the total actual reserve for the year. The ratio per cent. between the total reserve and the total deposits is also shown, whilst the limits of variation of the items in each year are stated at the bottom of the columns. Table D shows the variations of the ratios of percentage of the Bank of England's reserve to its deposits, after the deduction of the bankers' balances, and they will be seen to be much more marked than in the case of the clearing banks; but then the forces at work are greater and more various, and therefore more difficult to control; for whilst a clearing bank has only to adjust the payments and receipts in connection with its individual business, the Bank of England has to adjust them for the country at large.

The variations of the ratios are useful as an indication of the alterations from year to year in the percentage the reserve bears to the deposits, but the variations of the items under the different headings in Table C are where the interest centres. For the ratio of the total reserve for the year to the total deposits for the year may give a satisfactory average, whilst the ratio of some of the weeks may be the reverse of satisfactory. A banker's reserve is like a chain—each link must be sound; and it will be poor satisfaction to know that the average link is strong enough if one of them breaks. Table C shows the dates of the breakages in the reserve of the Bank of England between 1866 and 1877, whilst the italic figures mark their extent, the most notable instance being in May, 1866, where they amount to 7,021; but the table also shows how extensive the variations in the reserve have been, ranging between 10,573 in June, 1871, and 7,021, less than nothing, in May, 1866, or a difference of 17,594. Such variations are only possible with the Bank of England under its present conditions as holder of the bankers' balances.

When we turn to the deposits column the variations here also are found to be very considerable. In 1866 they were between 11,871 and 21,389, or the higher amount nearly double the lower; in the next three years they were as 16·5 to 22·8, 16·2 to 22·9, and 15 to 20·7, or the highest amounts about one-third more than the lowest. In the next three years they were as 16 to 24·9, 15·8 to 24·8, and 17·7 to 26·3, or the highest amounts about half as much again as the lowest. In 1873 they were as 13·3 to 28, or the higher more than double the lower; in 1874 they were as 13·6 to 25; in 1875 as 13·6 to 27; in 1876 as 15·3 to 21·6; and in 1877 as 14·5 to 25·7. It will be admitted, I think, that these variations in the amounts with which the Bank of England has to deal are embarrassing enough, for, as the table shows, there does not seem to be sufficient constancy in them to render foresight available; but when the variations in the bankers' balances are added to those of the deposits, with which, fortunately, they are not co-incident, the difficulties the Bank of England has to deal with will more readily be appreciated. In 1866 the variations in the bankers' balances were between 4·2 and 8·8; in 1867 between 5·3 and 9·5; in 1868 between 5·4 and 9·6; in 1869 between 5·1 and 8·5; in 1870 between 5·1 and 9·2; and in each succeeding year to 1877, between 6 and 12·3, 6 and 13, 6·9 and 11·5, 6·4 and 11·1, 7 and 14·9, 7·6 and 17·2, and 7·9 and 13·3 respectively. Here, again, there appears to be no constancy in the variations, and the only point to be noticed is the tendency of these balances to increase in amount. It is thus clear from Table C that the Bank of England has special difficulties to meet; but it is equally clear that it relies on the bankers' balances as its ultimate reserve; for wherever the italic figures occur, the Bank of England has been absolutely dependent on the bankers' balances for its reserve, and wherever the ordinary figures in the reserve column are of small amount, *i.e.*, less than 14·76 per cent. of the deposits, which has occurred in every year in the table except 1868, the bankers' balances have acted the part of the reserve.

Thus the second charge in the indictment is answered in the negative, and it appears that the clearing banks are justified in lending money at call, whilst the bankers' balances are the Bank of England's ultimate reserve.

But it will have been seen that further questions have arisen in the course of the enquiry. Is it a fact that the Bank of England adjusts the payments and receipts of the country at large? And, admitting the Bank of England to be in error in including the bankers' balances in the item, "Other Deposits," does any harm result from the practice? The first question must undoubtedly be answered in the affirmative. If an English trader ships manufactured goods abroad, a bill or draft is drawn against them, which is paid into a banker. If products are shipped to England, a bill or draft accompanies them, which is paid into a banker. If goods are sent from one part of the United

Kingdom to another, a draft is drawn, which is paid into a banker. In fact, all transfers of property lead to the creation of drafts, which are paid into bankers. The country banks have London banks as their agents, and the London banks, if not in the clearing, keep accounts with clearing banks or the Bank of England; and thus, whatever mercantile transactions occur throughout the country, the final settlement is with the Bank of England. As regards the other question the first objection to the practice is that it is misleading. It makes the Bank of England appear to adopt a policy different to that of any other bank, and leads to confusion of thought on the subject of a banker's reserve. For when the Bank of England shows a reserve varying between 30 and 50 per cent. of its deposits, and sometimes exceeding the latter figure, it is inconceivable that the clearing joint stock banks can be justified in keeping reserves averaging only 14·76 per cent. of their deposits. If this were the sole objection it might be set aside as simply sentimental, but by including the bankers' balances in the other deposits the significance of the loan of any part of them is lost sight of. The 31st October, 1877, is a case in point. There the weekly return of the Bank of England shows a reserve of £9,678,000, whilst Table C shows the figures 391 in italics. These two statements have a very different meaning. The first would make it appear that the Bank of England had a reserve of nine millions odd, whereas the second shows that the Bank of England had lent all its own reserve and £391,000 of the bankers' balances. Now, on the supposition previously advanced that the issue department was a department of the State where the bankers' balances were kept, and was separate from the Bank of England, the Bank of England had, on 31st October, 1877, lent all its own reserve, and had been granted a loan by the State, out of which it had lent the sum of £391,000; a condition of affairs not to be ascertained from the weekly return. But there is a further objection to the practice in that it causes the Bank of England under certain circumstances to keep up a higher rate of discount than is necessary. In the ordinary course of business the Bank of England's reserve is not affected by the advances it makes, for what it lends with one hand it receives back with the other; but when there is any kind of panic (when more notes than usual are kept in bankers' tills and by the public), or when the exchanges are against the country, or there are internal demands for coin, then the reserve is lessened by the extra amount of notes or gold that may be withdrawn. For if bankers generally are increasing their reserves of notes, the country banks by reducing their balances with the London banks, or by discounting with the brokers, and the London banks, by calling in their advances to the brokers, or by refraining from discounting for them, then the brokers have no alternative but to procure advances from the Bank of England, and the Bank of England's reserve is reduced. If the exchanges are against the country, gold is exported, and the Bank of England's reserve

is reduced. If there are internal demands for coin, gold is withdrawn, and the Bank of England's reserve is reduced. Now to replace its reserve the only power the Bank of England possesses is that of raising its rate of discount—a higher rate here than abroad, tending to attract foreign capital in the form of gold. When the market rate goes with the bank rate it is clear that the Bank of England, in protecting its own reserve, has fulfilled its office of adjusting the nation's accounts; but when the bank rate is not in accord with the market rate—as has frequently been the case of late years—when, as in October, 1875, and in November, 1878, it was more than 1 per cent. above that rate, then the Bank of England is protecting its reserve at the expense of the trading community. For a difference of 1 per cent. in the rate means that whilst its fellow bankers are in a position to lend, the Bank of England is not in that position, and as the bank rate is the basis for bargains all over the country, its retention at a level of 1 per cent. above the market rate is, if avoidable, an injury to trade.

To see how this injury is attributable to the taking account of the bankers' balances in the banking department in the present fashion, let us consider the effect on the Bank of England of the diminution of its reserve below those balances. When the Bank of England finds its reserve being reduced it has to consider whether, and if so to what extent, its rate of discount must be raised, and if it has allowed the reserve to be reduced below the amount of the bankers' balances before it raises its rate, it will find not only that the rate will have to be raised, but that it will have to be retained at the higher level after the outer market has been lowered. For suppose the bankers consider it desirable to increase their balances at the Bank of England, the effect will be to withdraw the usual assistance granted to the brokers, and to drive them to the Bank of England to get advances. As soon, however, as the bankers consider the increase in their balances unnecessary they again discount more freely for the brokers, and reduce their balances to their normal level. The competition amongst them tends to lower the market rate of discount, and if in the meantime the Bank of England has not had a sufficient amount of its bills or advances maturing, or a sufficient increase in its deposits, to replace its lost reserve, it will have to retain its rate at a level altogether above the outer market. To see how this statement is borne out by facts we must turn again, in the first instance, to Table C. There it will be found that during the first three weeks in October, 1875, the Bank of England's reserve was below the amount of the bankers' balances, whilst during the next five weeks, to the end of November, the reserve only just exceeded the bankers' balances, and if we compare the market rate, by which I mean the rate of discount charged by bankers in the City of London to brokers, with the Bank of England rate, we find the following results:—On the 6th October the bank rate was

2 per cent., and the market rate $1\frac{1}{2}$ per cent.; on the 7th the bank rate was raised to $2\frac{1}{2}$ per cent., and the market rate to $1\frac{3}{4}$ per cent., which then rose on the 12th to $2\frac{1}{2}$ per cent., and on the 13th to $2\frac{1}{4}$ per cent., on the 14th the bank rate was again raised to $3\frac{1}{4}$ per cent. but the market rate only went to $2\frac{1}{2}$ per cent.; on the 21st the bank rate was further raised to 4 per cent., but the market rate no longer followed it, it only rose to $2\frac{3}{4}$ per cent., and although the bank rate was retained at 4 per cent. till the 18th November, the market rate only varied between $2\frac{1}{2}$ and $2\frac{3}{4}$ per cent. Thus the Bank of England rate was raised to 4 per cent. and retained at that point for a month, not because of the indebtedness of the country, for then the outer market would have corresponded with it, but on account of the condition of the Bank of England's reserve. Table E, showing the chief figures of the banking department of the Bank of England for the year 1878, supplies the second proof of the statement just advanced, but only inferentially, because the return of bankers' balances ceased to be made after 1877. It will be seen that from the 31st March to the end of the year the reserve of notes was never large, varying between 11,749 and 7,587. Now on the 25th September the other deposits stood at 20,087, increasing to 27,321 on the 16th October, and 28,311 on the 30th October, whilst during the same period the reserve of notes fell from 11,376 to 7,587, and then rose to 9,409; so that on the 16th October, whilst the reserve of notes had diminished 3,789, the other deposits had increased 7,244—pretty clear evidence that part of the bankers' balances had been lent. But further, the total securities, which stood at 31,087 on the 25th September, increased to 39,961 on the 16th October, with the result that the rate was raised on the 14th October from 5 to 6 per cent. Now on the 6th November the other deposits fell to 26,829, continuing at about that level till the 27th November, but the Bank of England did not reduce its rate to 5 per cent. till the 21st November, although for about a fortnight before that date the bankers' rate to brokers had been fully 1 per cent. lower. Thus again it would appear that the bank rate was retained for a fortnight at 1 per cent. above the market rate, not on account of the indebtedness of the country, but on account of the condition of the Bank of England's reserve; and thus the bank rate, instead of being a reliable index, as it should be, of the condition of the country's available reserve, is only under present circumstances an index of the condition of the Bank of England's reserve.

The disadvantages of the present method of taking account of the bankers' balances have been urged because a remedy is desirable, but not with any view of adopting what has been termed the natural method, because that also has its disadvantages; a comparison of the two methods will however lead to a solution of the difficulty. The present arrangement, so long as the Bank of England keeps the bankers' balances as a last resource, in times of pressure only, has the

advantage of providing a large reserve available whenever there is an internal demand for legal tender, or a foreign drain of gold ; but it has the disadvantage of misrepresenting the Bank of England's actual position, of keeping out of sight the significance of the loan of the bankers' balances, and at times of causing its rate of discount to be retained at an unnecessarily high level. The natural arrangement, *i.e.*, where the legal tender notes are issued by the State in its own name, would have the advantage of making the position of the Bank of England quite clear, as well as of showing when the State had made it an advance, which is now the case when the bankers' balances are lent, and of keeping the Bank of England rate of discount in agreement with the market rate ; but it would have the disadvantage of creating friction whenever the Bank of England required a loan from the State in the interests of the community. For then when there was a panic of any kind the banks would, as at present, withdraw part of their advances to brokers to strengthen their balances ; these balances, instead of being at the Bank of England, would be in the keeping of the State ; and to make them available the State would have to grant a loan, and the delay inseparable from such a course of proceeding, where formal application would have to be made, a discussion would ensue and a decision would have to be arrived at, might lead to the most serious consequences. To combine, therefore, the advantages of the two systems two points have to be kept in view : the returns of the Bank of England should clearly show its position, and the necessity for having to apply to the State for a loan should be avoided. Fortunately these two advantages can be secured in a very simple manner, by treating the bankers' balances as a separate item in the weekly accounts ; for then it will be quite clear when they are being lent, and applications for an advance from the State will be unnecessary. The terms upon which the bankers' balances should be lent have not been discussed here, because the arrangements between the State and the Bank of England for the conduct of State business do not come within the scope of this paper. The following is the weekly return of the Bank of England for the 26th December, 1877, excluding shillings and pence, with the bankers' balances shown as a separate item, and it has been selected because it is the last return where the bankers' balances can be ascertained from the public records :

| LIABILITIES. | | ASSETS. | |
|-----------------------|--------------------|-----------------------|--------------------|
| Proprietors' Capital | ... £14,553,000 | Government Securities | ... £13,383,176 |
| Reserve | ... 3,073,356 | Other Securities | ... 18,441,368 |
| Public Deposits | ... 5,942,869 | Notes | ... 11,433,545 |
| Other Deposits | ... 11,488,367 | Gold and Silver Coin | ... 800,540 |
| Bankers' Balances | ... 8,695,000 | | |
| Seven day, &c., Bills | ... 306,037 | | |
| | <u>£44,058,629</u> | | <u>£44,058,629</u> |

With the returns in this form there will be no doubt as to the position of the banking reserve of the country. When the reserve of

notes is less than the bankers' balances the fact will be quite evident, whilst a continuance of the reduction of the reserve after that point has been reached will be equivalent to hoisting the danger signal.

Before concluding, a few remarks on the significance of the import and export of gold, as bearing on the matter before us, may not be without interest. The amount of gold coming into or going out of the country is regularly noticed in the daily papers. When the exchanges are such that gold arrives from abroad, they are termed favourable; when they are such that gold is withdrawn from the Bank of England, they are termed adverse; whilst, when gold continues to be withdrawn the extent to which the rate of discount should be raised, to re-attract it, is invariably discussed. In all these discussions the fear of a gold famine is prominent, stress being always laid on the desirability of increasing the stock of that metal, and the undesirability of lessening it; and the natural inference would seem to be that the supply of gold in the country was insufficient, and required to be constantly increased. Such, however, is not the case. Since 1844 the supply of gold coin and bullion in the issue department of the Bank of England has never been less than £6,080,000, as appears from table F., and if the country had required the use of this gold, some means would most certainly have been found to make it available. The instance referred to was in the year 1857, and no better selection could have been made: for it was then that the withdrawal of gold from the Bank of England led to the suspension of the Bank Act. Table G. shows the movements in the chief items of account of the issue and banking departments for that year, and on reference to the 18th November it will be seen that the stock of gold coin and bullion in the issue department was, as stated above, £6,080,000. Against this amount notes had been issued to the extent of £22,555,000, or two millions in excess of the limit imposed by the Act, but then the Act had been suspended on the 12th November. Now if a deficiency of gold had been the cause of the suspension of the Bank Act, six millions and upwards of that metal would not have been left with the Bank of England. The cause will be found elsewhere, in the figures of the banking department. On the 25th July, 1857, the total advances stood at their lowest point for that year, viz.:—26,648, the total deposits being 14,410, and the reserve of notes 5,925. On the 18th November the total advances were 36,706, the total deposits 19,448, and the reserve of notes only 1,148; but even these figures do not express the condition of the reserve, for the Bank, under the suspension of the Act, had received an advance of two millions from the State, so that it had lent £852,000 more than its apparent reserve, and if the bankers' balances, £5,079,000, are added to this amount, then we find that the advance from the State amounted to £5,931,000. Thus the suspension of the Act was not to assist the country with gold, but to strengthen the Bank of England's reserve. It was a demand

for available capital, and being required for export, took the form of gold. The reverse process is, in a similar way, an excess of floating capital in the form of gold. When gold arrives from abroad, and is lodged at the Bank of England, the reserve is said to be strengthened, i.e., more gold is stored up in the Bank's cellars, and more notes are held in the banking department; but if the Bank's reserve was sufficient before, the extra gold is simply a superfluity. On the 20th September, 1876, the stock of bullion in the issue department was £84,206,000, and the reserve of notes in the banking department was £21,432,000. Now as the bankers' balances on that day were £16,076,000, the Bank of England had a reserve of notes beyond those balances of £5,356,000 which it could not employ; a sign rather of stagnation in the trade of the country than of strength in the Bank of England. Thus the import and export of gold are significant, not from the fact of its being gold that arrives in or departs from the country, but that the reserve of the banking department of the Bank of England is increased or diminished.

Nothing now remains but to sum up the results arrived at. We started with the enquiry as to what was a sufficient cash reserve for a bank, selecting the London clearing joint stock banks as examples, and we found that the average ratio of the cash reserve to the liabilities on current and deposit accounts, over a period of eighteen years, was about 14½ per cent.

The next question was whether the charge against the clearing banks, that they relied upon the Bank of England to supply them with a reserve in times of panic or pressure, was borne out by facts, and we found the reverse to be the case, viz.: that the Bank of England relied on the bankers' reserves at such periods.

In pursuing the enquiry it appeared that the Bank of England performs two absolutely different functions, that of issuer of State notes and banker, and that whilst it receives the bankers' balances in the former capacity, it takes account of them in the latter, treating them as ordinary deposits in the banking department. This practice appeared to have three faults: that it was misleading, that it caused the significance of the loan of any part of the bankers' balances to be lost sight of, and that from time to time the Bank of England's rate of discount was retained at an unnecessarily high level, to the detriment of all who had occasion to get advances; and a suggestion was made that the bankers' balances should form a separate item in the Bank of England's weekly returns.

It was further seen that whatever importance attaches to the import and export of gold, attaches to it not from the fact that it is gold, but that it affects the reserve of the banking department of the Bank of England.

The corollary to be deduced from the above remarks appears to be this: that no banker keeps a reserve for the public wants. All exceptional advances at times of panic or pressure, although made through the Bank of England, are virtually made by the State.

TABLE A.

THE LONDON CLEARING JOINT STOCK BANKS.

The Ratio for the whole period of the Table varies between 12.49 in June, 1872, and 19.46 in December, 1878.
The Totals for the whole period are, respectively, 2,480,610 and 366,366, producing 14.76.

000's omitted.

| | 1866. | | | | 1867. | | | | |
|--|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|
| | June. | | December. | | June. | | December. | | |
| | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. |
| Alliance | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Central in 1869 (formerly East London Bank) | 384 | 98 | ... | 346 | 65 | ... | 382 | 80 | ... |
| City | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Imperial | 1,019 | 184 | ... | 1,064 | 181 | ... | 1,177 | 210 | ... |
| London and County | 10,718 | 2,149 | ... | 12,057 | 1,767 | ... | 12,195 | 1,979 | ... |
| London Joint Stock | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and South Western | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and Westminster | 21,024 | 3,464 | ... | 22,672 | 2,527 | ... | 22,010 | 2,473 | ... |
| National Provincial Bank of England | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Union Bank of London | 10,260 | 1,799 | ... | 10,535 | 2,019 | ... | 12,071 | 1,892 | ... |
| | 43,435 | 7,094 | 17.72 | 46,674 | 6,559 | 14.05 | 44,958 | 6,503 | 14.46 |
| | | | | | | | 47,835 | 6,640 | 19.88 |

| | 1868. | | | | 1869. | | | | |
|--|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|
| | June. | | December. | | June. | | December. | | |
| | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. |
| Alliance | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Central in 1869 | 451 | 114 | ... | 403 | 79 | ... | 441 | 91 | ... |
| City | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Imperial | 1,159 | 337 | ... | 1,226 | 269 | ... | 1,199 | 236 | ... |
| London and County | 12,004 | 1,818 | ... | 12,462 | 1,853 | ... | 13,305 | 1,995 | ... |
| London Joint Stock | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and South Western | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and Westminster | 19,915 | 2,305 | ... | 19,638 | 2,344 | ... | 20,444 | 2,724 | ... |
| National Provincial Bank of England | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Union Bank of London | 10,059 | 1,936 | ... | 10,845 | 1,745 | ... | 10,925 | 1,989 | ... |
| | 43,598 | 6,510 | 14.93 | 44,574 | 6,290 | 14.11 | 46,314 | 7,035 | 15.19 |

TABLE A.—*continued.*
THE LONDON CLEARING JOINT STOCK BANKS.
000's omitted.

| | 1874. | | | | 1875. | | | | |
|-------------------------------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|
| | June. | December. | June. | December. | June. | December. | June. | December. | |
| | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. |
| Alliance | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Central | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| City | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Imperial | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and County | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London Joint Stock | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and South Western | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and Westminster | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| National Provincial Bank of England | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Union Bank of London | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 66,776 | 8,454 | 12.66 | 67,820 | 9,253 | 13.64 | 69,292 | 12,030 | 17.37 |
| | | | | | | | | | 14.0 |

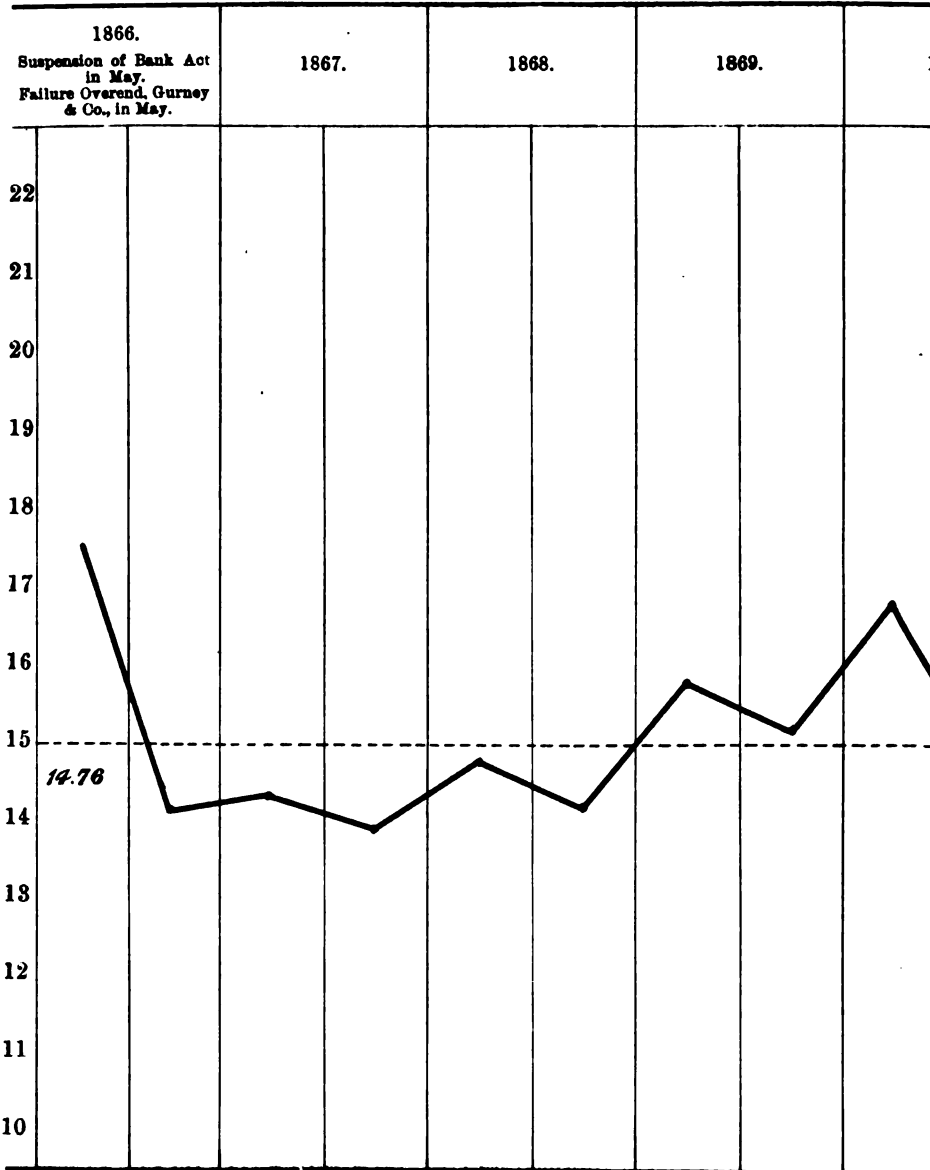
| | 1876. | | | | 1877. | | | | |
|-------------------------------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|
| | June. | December. | June. | December. | June. | December. | June. | December. | |
| | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. |
| Alliance | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Central | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| City | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Imperial | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and County | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London Joint Stock | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and South Western | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| London and Westminster | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| National Provincial Bank of England | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Union Bank of London | ... | ... | ... | ... | ... | ... | ... | ... | ... |
| | 69,218 | 10,013 | 14.45 | 67,865 | 9,611 | 14.16 | 66,090 | 9,821 | 14.86 |
| | | | | | | | | | 15.10 |

TABLE A.—*continued.*
THE LONDON CLEARING JOINT STOCK BANKS.
000's omitted.

| | 1878. | | | | 1879. | | | |
|---|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|
| | June. | December. | June. | December. | June. | December. | June. | December. |
| | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. |
| Alliance ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Central ... | 1,147 | 218 | ... | 1,621 | 203 | ... | 1,698 | 236 |
| City ... | ... | ... | ... | 964 | 232 | ... | 1,016 | 206 |
| Imperial ... | 2,434 | 383 | ... | 2,872 | 725 | ... | 3,248 | 548 |
| London and County ... | 23,611 | 2,628 | ... | 1,807 | 304 | ... | 1,920 | 336 |
| London Joint Stock ... | ... | ... | ... | 21,474 | 3,339 | ... | 21,656 | 3,146 |
| London and South Western ... | 1,576 | 267 | ... | ... | ... | ... | 11,221 | 1,766 |
| London and Westminster ... | 26,763 | 3,981 | ... | 1,559 | 483 | ... | 1,493 | 327 |
| National Provincial Bank of England ... | ... | ... | ... | 21,485 | 3,427 | ... | 22,967 | 3,749 |
| Union Bank of London ... | 12,544 | 2,699 | ... | ... | ... | ... | ... | ... |
| | 68,075 | 10,176 | 14.94 | 12,898 | 3,777 | ... | 13,472 | 2,689 |
| | | | | 64,180 | 12,490 | 19.46 | 78,691 | 13,008 |
| | | | | | | | | |
| | | | | | | | 82,910 | 14,314 |
| | | | | | | | | 17.26 |

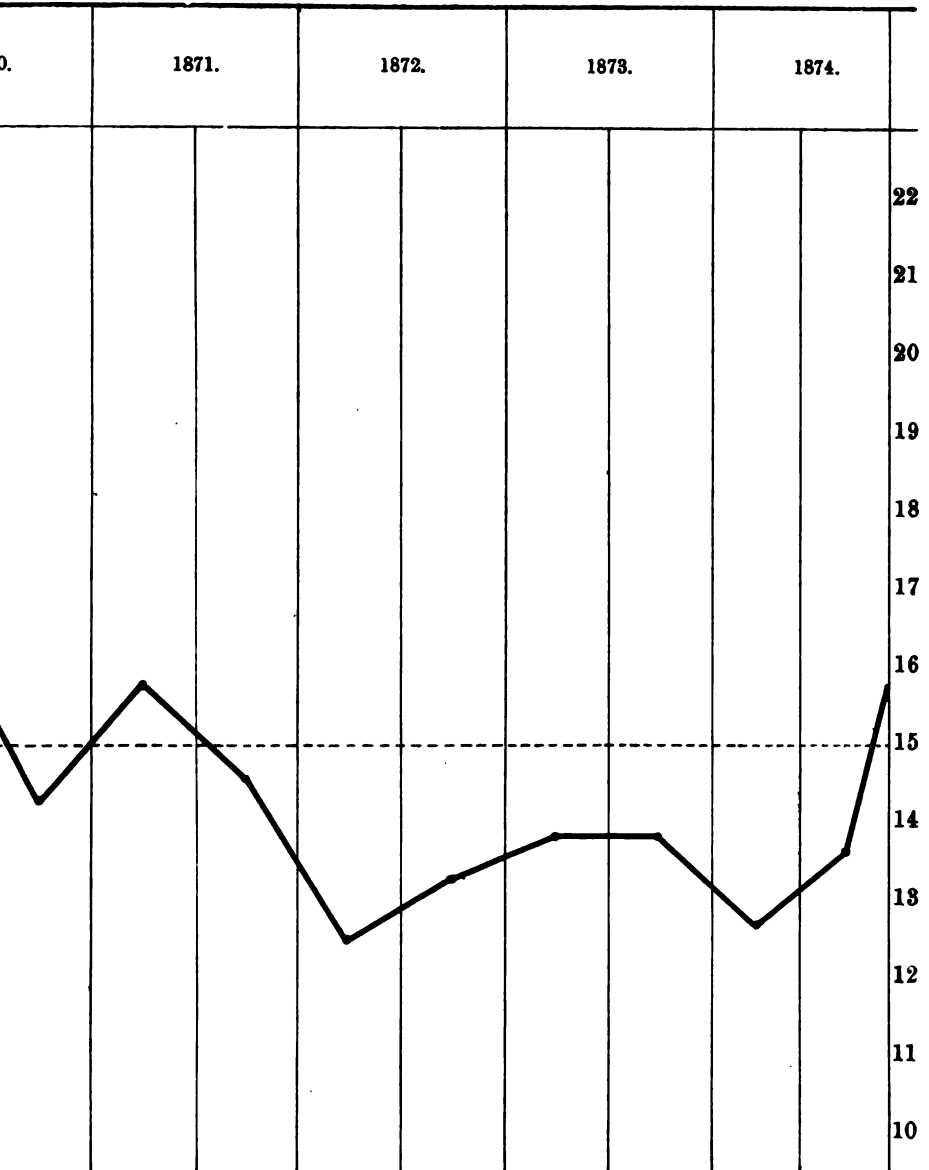
| | 1880. | | | | 1881. | | | |
|---|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|
| | June. | December. | June. | December. | June. | December. | June. | December. |
| | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. |
| Alliance ... | ... | ... | ... | ... | ... | ... | ... | ... |
| Central ... | 2,503 | 388 | ... | 2,601 | 438 | ... | 2,915 | 441 |
| City ... | 1,083 | 206 | ... | 1,134 | 227 | ... | 1,263 | 209 |
| Imperial ... | 3,649 | 509 | ... | 4,000 | 538 | ... | 4,438 | 535 |
| London and County ... | 2,182 | 369 | ... | 2,493 | 411 | ... | 2,449 | 315 |
| London Joint Stock ... | 22,121 | 3,492 | ... | 23,107 | 3,704 | ... | 24,220 | 3,432 |
| London and South Western ... | 12,083 | 2,039 | ... | 12,632 | 1,829 | ... | 13,645 | 1,725 |
| London and Westminster ... | 1,638 | 307 | ... | 1,733 | 335 | ... | 1,923 | 370 |
| National Provincial Bank of England ... | 21,045 | 3,294 | ... | 22,162 | 3,826 | ... | 24,762 | 3,423 |
| Union Bank of London ... | 13,655 | 8,032 | ... | 29,198 | 2,677 | ... | ... | ... |
| | 79,077 | 13,636 | 17.08 | 13,241 | 2,785 | ... | 14,346 | 2,788 |
| | | | | | | | | |
| | | | | 112,241 | 16,770 | 14.94 | 90,163 | 13,288 |
| | | | | | | | | |
| | | | | | | | 119,995 | 16,634 |
| | | | | | | | | 13.86 |

VARIATION OF RATIOS OF PERCENTAGE OF CASH IN HAND AND AT THE
LONDON CLEARING



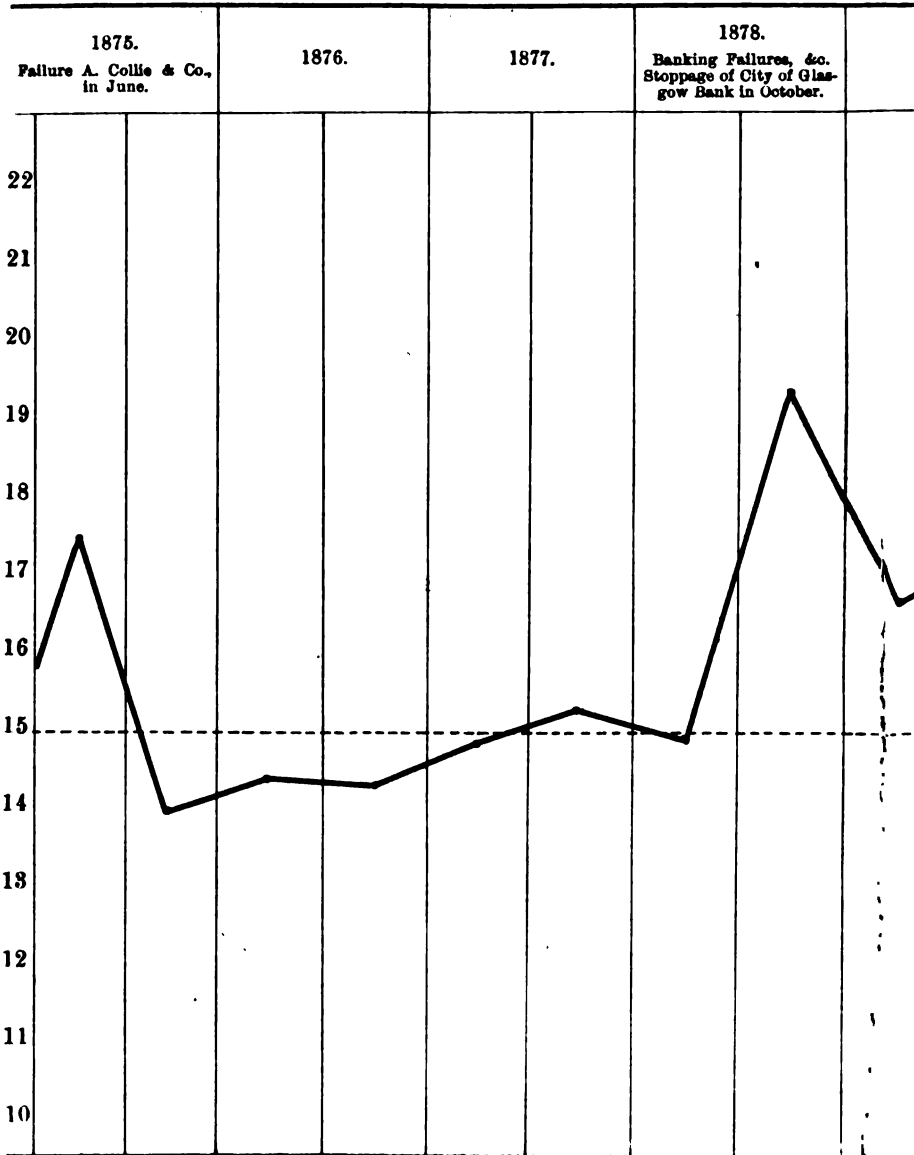
E. B.

ANK OF ENGLAND TO LIABILITIES ON CURRENT AND DEPOSIT ACCOUNTS OF
JOINT STOCK BANKS.



TABLE

VARIATION OF RATIOS OF PERCENTAGE OF CASH IN HAND AND AT THE
LONDON CLEARING



continued.

BANK OF ENGLAND TO LIABILITIES ON CURRENT AND DEPOSIT ACCOUNTS OF
 JOINT STOCK BANKS.

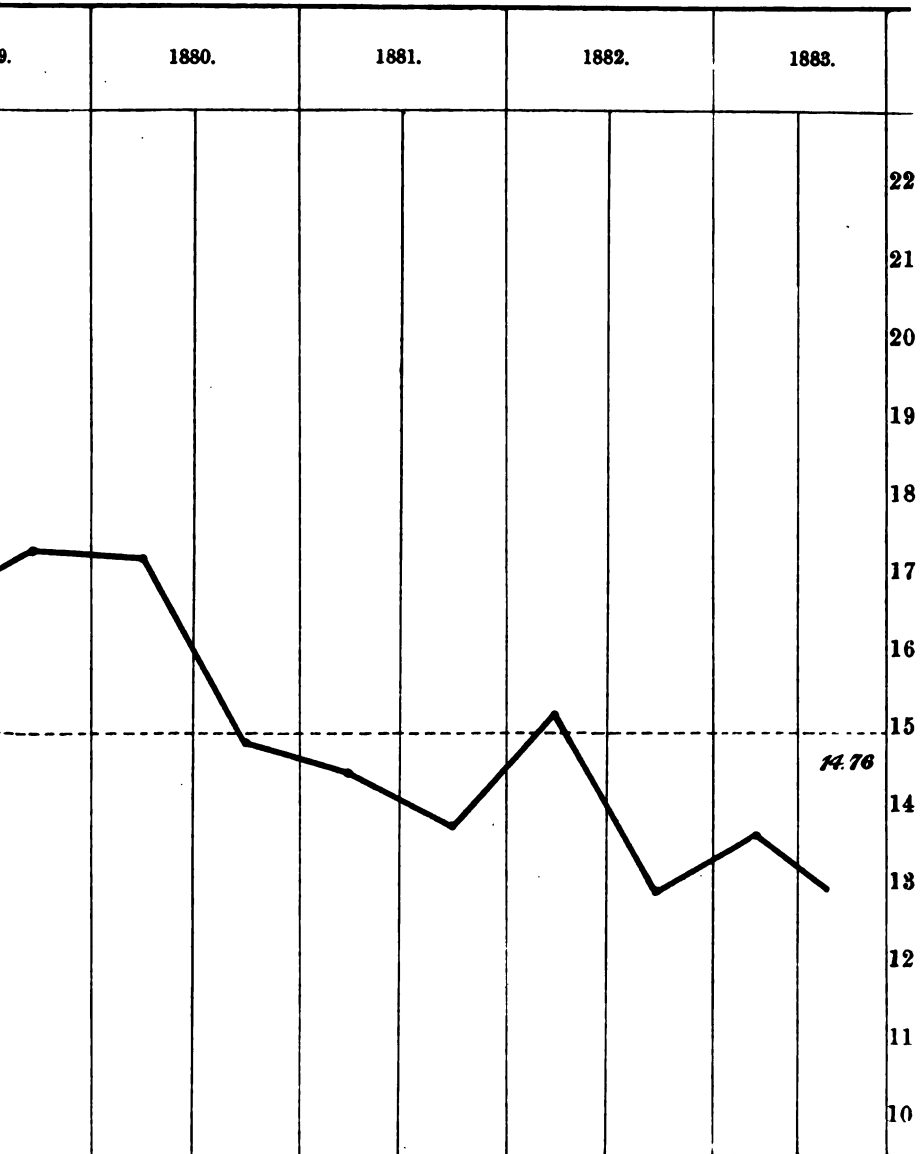


TABLE A.—continued.

| | 1893. | | | | December. | | | | 1893. | | | | December. | | | |
|---|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|-------------------------------|--------------------------------------|-----------------|--|
| | June. | | December. | | June. | | December. | | June. | | December. | | June. | | December. | |
| | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | Current and Deposit Accounts. | Cash in hand and at Bank of England. | Ratio per cent. | |
| Alliance | 2,320 | 278 | ... | 2,337 | 305 | ... | 2,220 | 253 | ... | 2,791 | 276 | ... | 2,791 | 276 | ... | |
| Central | 1,199 | 201 | ... | 1,202 | 187 | ... | 1,326 | 230 | ... | 1,294 | 229 | ... | 1,294 | 229 | ... | |
| City | 4,109 | 608 | ... | 4,066 | 469 | ... | 4,253 | 569 | ... | 4,112 | 625 | ... | 4,112 | 625 | ... | |
| Imperial | 2,844 | 423 | ... | 2,826 | 317 | ... | 2,507 | 289 | ... | 2,846 | 387 | ... | 2,846 | 387 | ... | |
| London and County | 25,761 | 3,671 | ... | 26,219 | 3,764 | ... | 26,568 | 3,589 | ... | 27,284 | 3,950 | ... | 27,284 | 3,950 | ... | |
| London Joint Stock | 13,498 | 1,981 | ... | 13,446 | 1,813 | ... | 13,012 | 1,602 | ... | 13,094 | 1,688 | ... | 13,094 | 1,688 | ... | |
| London and South Western | 2,143 | 372 | ... | 2,289 | 344 | ... | 2,337 | 377 | ... | 2,449 | 412 | ... | 2,449 | 412 | ... | |
| London and Westminster | 25,511 | 3,325 | ... | 24,771 | 3,363 | ... | 23,096 | 2,865 | ... | 24,123 | 3,214 | ... | 24,123 | 3,214 | ... | |
| National Provincial Bk. of England | ... | ... | ... | 32,090 | 2,648 | ... | ... | ... | ... | 82,230 | 2,517 | ... | 82,230 | 2,517 | ... | |
| Union Bank of London | 13,871 | 2,991 | ... | 12,847 | 2,557 | ... | 12,631 | 2,442 | ... | 13,044 | 2,613 | ... | 13,044 | 2,613 | ... | |
| | 91,256 | 13,850 | 15.17 | 122,093 | 15,867 | 12.99 | 88,000 | 12,216 | 13.88 | 123,267 | 15,911 | 12.9 | 123,267 | 15,911 | 12.9 | |

TABLE C.

BANK OF

000's omitted.

(Figures extracted from Record and from Returns

1866.

1867.

1868.

| Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin less amount of Bankers' Balances. | | Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. | | Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. | |
|--|---|--|--------|--------------------|---|---|---------|--------------------|---|---|---------|
| | | % | | | | % | | | | % | |
| Jan. 6,165 | 16,142 | | 186 | Jan. 8,101 | 20,653 | | 3,027 | Jan. 8,585 | 19,384 | | 4,235 |
| 6,325 | 13,550 | 8 | 239 | 9,574 | 17,920 | | 1,551 | 9,469 | 17,598 | | 3,257 |
| 5,785 | 11,871 | | 401 | 8,586 | 16,946 | | 2,394 | 9,351 | 16,874 | | 3,410 |
| 5,519 | 12,051 | | 1,230 | 7,816 | 17,121 | | 3,157 | 9,648 | 16,254 | | 3,684 |
| 4,566 | 12,970 | | 2,186 | 7,225 | 17,580 | | 3,558 | 9,290 | 16,779 | | 4,555 |
| 4,355 | 12,639 | | 2,435 | Feb. 6,932 | 17,333 | 3 | 4,068 | Feb. 8,031 | 17,029 | | 5,044 |
| 4,350 | 12,757 | | 2,833 | 5,209 | 19,138 | | 6,337 | 8,206 | 16,888 | | 4,897 |
| 4,784 | 12,556 | | 3,476 | 6,370 | 18,393 | | 5,645 | 7,032 | 17,020 | | 5,787 |
| 4,516 | 13,675 | 7 | 3,682 | 6,131 | 18,451 | | 5,883 | 6,780 | 17,495 | | 6,452 |
| March 4,734 | 14,024 | | 3,589 | March 6,043 | 18,787 | | 6,834 | March 6,208 | 18,414 | | 6,334 |
| 4,518 | 14,510 | | 4,287 | 5,552 | 19,475 | | 6,654 | 6,528 | 18,662 | | 6,485 |
| 4,680 | 14,623 | 6 | 4,139 | 5,314 | 20,392 | | 7,298 | 5,530 | 20,135 | | 7,724 |
| 5,272 | 16,435 | | 2,609 | 5,747 | 20,746 | | 6,642 | 5,867 | 20,923 | | 7,236 |
| April 5,261 | 15,793 | | 1,668 | April 5,701 | 20,689 | | 5,690 | April 6,247 | 20,955 | | 5,689 |
| 6,203 | 12,810 | | 985 | 6,833 | 17,923 | | 4,236 | 6,612 | 18,429 | | 4,602 |
| 5,748 | 12,269 | | 837 | 6,408 | 17,791 | | 4,532 | 6,022 | 18,166 | | 5,225 |
| 5,062 | 12,650 | | 1,632 | 6,035 | 18,195 | | 5,177 | 6,565 | 18,003 | | 5,023 |
| May 5,011 | 13,500 | 7-8 | 625 | May 5,682 | 19,164 | | 5,267 | 5,903 | 18,814 | | 5,578 |
| 5,068 | 14,209 | 9-10 | 723 | 6,188 | 18,753 | | 4,795 | May 5,980 | 19,357 | | 4,908 |
| 7,930 | 16,627 | | 6,727 | 5,764 | 19,284 | | 5,297 | 6,046 | 19,789 | | 5,267 |
| 7,765 | 17,021 | | 6,377 | 5,981 | 19,789 | | 5,912 | 6,806 | 19,556 | | 5,058 |
| 7,881 | 18,774 | | 7,021 | 6,139 | 20,013 | 2½ | 6,350 | 7,336 | 19,707 | | 5,274 |
| June 7,849 | 19,009 | | 5,023 | June 6,010 | 20,375 | | 6,765 | June 6,963 | 20,281 | | 5,780 |
| 7,111 | 20,143 | | 3,506 | 5,819 | 21,158 | | 7,744 | 6,693 | 21,025 | | 6,976 |
| 7,889 | 20,621 | | 3,095 | 5,481 | 22,008 | | 8,702 | 6,054 | 21,639 | | 7,992 |
| 7,416 | 21,389 | | 2,198 | 6,134 | 22,825 | | 7,947 | 5,720 | 21,906 | | 8,556 |
| July 7,467 | 19,273 | | 3,402 | July 6,551 | 21,674 | | 6,691 | July 7,485 | 21,033 | | 5,495 |
| 8,874 | 15,325 | | 5,073 | 8,557 | 17,797 | | 4,931 | 8,312 | 19,243 | | 4,518 |
| 7,748 | 14,235 | | 4,524 | 8,588 | 16,976 | | 4,949 | 7,839 | 17,801 | | 4,672 |
| 7,049 | 14,015 | | 3,595 | 8,875 | 16,598 | | 4,894 | 7,601 | 17,616 | | 4,986 |
| Aug. 6,037 | 14,891 | | 2,764 | 8,136 | 17,356 | 2 | 5,607 | 6,663 | 18,291 | | 5,976 |
| 5,689 | 15,132 | | 2,109 | Aug. 7,506 | 17,541 | | 6,406 | Aug. 5,468 | 18,579 | | 5,940 |
| 6,740 | 14,739 | 8 | 2,129 | 7,417 | 18,038 | | 6,962 | 5,748 | 17,547 | | 5,519 |
| 8,145 | 14,030 | | 2,555 | 6,489 | 19,506 | | 8,111 | 6,121 | 16,915 | | 5,368 |
| 7,909 | 14,701 | 7 | 977 | 6,686 | 19,534 | | 8,195 | 6,100 | 16,718 | | 5,718 |
| Sept. 7,230 | 15,021 | 6 | 217 | 6,452 | 20,087 | | 8,557 | Sept. 6,579 | 16,273 | | 4,960 |
| 6,910 | 15,583 | 5 | 592 | 6,819 | 20,280 | | 8,909 | 6,521 | 16,619 | | 5,339 |
| 6,108 | 16,365 | | 1,798 | 7,514 | 19,627 | | 8,278 | 6,903 | 16,383 | | 5,228 |
| 6,697 | 16,716 | | 1,952 | 7,251 | 20,029 | | 8,289 | 6,920 | 17,475 | | 5,474 |
| Oct. 6,544 | 16,835 | 4½ | 999 | Oct. 6,217 | 19,740 | | 8,401 | 5,846 | 18,274 | | 5,764 |
| 5,913 | 17,808 | | 1,582 | 6,920 | 18,940 | | 7,662 | Oct. 5,627 | 17,702 | | 5,433 |
| 7,570 | 14,601 | | 506 | 7,771 | 17,118 | | 5,497 | 7,207 | 16,862 | | 3,441 |
| 7,517 | 14,465 | | 143 | 7,366 | 17,117 | | 5,655 | 7,695 | 16,261 | | 2,758 |
| 6,415 | 15,366 | | 1,498 | 6,453 | 18,053 | | 6,589 | 7,187 | 16,862 | | 3,482 |
| Nov. 6,235 | 15,291 | 4 | 2,095 | Nov. 6,002 | 18,142 | | 5,609 | Nov. 5,780 | 17,142 | | 4,205 |
| 5,756 | 16,077 | | 3,112 | 6,043 | 17,794 | | 6,685 | 6,364 | 17,630 | | 4,049 |
| 5,392 | 17,874 | | 4,517 | 6,175 | 17,933 | | 6,913 | 6,028 | 17,765 | 2½ | 3,859 |
| 5,913 | 18,501 | | 4,776 | 6,491 | 17,786 | | 7,017 | 5,983 | 17,547 | | 4,030 |
| Dec. 5,393 | 19,186 | | 5,131 | Dec. 5,931 | 17,907 | | 6,944 | Dec. 6,142 | 17,520 | | 3,435 |
| 6,079 | 19,735 | | 5,379 | 6,353 | 18,111 | | 6,910 | 6,118 | 17,853 | 3 | 3,524 |
| 5,935 | 20,316 | | 5,780 | 6,363 | 19,784 | | 7,689 | 6,183 | 17,745 | | 4,251 |
| 5,591 | 20,708 | 3½ | 5,724 | 6,194 | 19,751 | | 7,384 | 5,754 | 18,097 | | 4,598 |
| | | | | | | | | 7,028 | 19,763 | | 2,903 |
| 325,469 | 819,707 | | 82,488 | 347,845 | 984,021 | | 320,096 | 360,446 | 969,498 | | 270,113 |
| | | | 62,340 | | | | | | | | |
| | | | 20,148 | | | | | | | | |
| Ratio per cent. of yearly total of Reserve to Deposits | | 2½ | ... | ... | ... | 32½ | ... | ... | ... | 27½ | ... |
| Variation between | | | | | | | | | | | |
| 4,255 | 11,571 | | -7,021 | 5,314 | 16,598 | | 1,551 | 5,468 | 16,254 | | 2,758 |
| and 8,874 | 21,389 | | 5,780 | 9,574 | 22,825 | | 8,809 | 9,648 | 21,906 | | 8,556 |

TABLE C.

ENGLAND.

published by order of the House of Commons.)

1869.

1870.

1871.

| 1869. | | | 1870. | | | 1871. | | |
|--------------------|---|---|--------------------|---|---|--------------------|---|---|
| Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. | Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. | Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. |
| Jan. 6,817 | 19,145 | % 2,679 | Jan. 5,862 | 22,668 | % 4,395 | Jan. 8,314 | 18,255 | % 4,920 |
| 8,113 | 16,643 | 1,370 | 6,109 | 18,546 | 4,494 | 9,508 | 16,839 | 3,700 |
| 7,639 | 16,757 | 2,095 | 5,609 | 19,789 | 5,338 | 8,366 | 16,853 | 4,869 |
| 7,388 | 16,694 | 3,023 | 5,765 | 19,962 | 5,516 | 7,451 | 17,104 | 5,838 |
| Feb. 5,392 | 16,915 | 4,297 | Feb. 6,987 | 20,341 | 4,330 | Feb. 6,636 | 17,545 | 6,454 |
| 5,607 | 16,713 | 4,569 | 6,977 | 19,194 | 4,872 | 6,072 | 18,719 | 7,248 |
| 5,978 | 16,631 | 4,339 | 5,393 | 20,541 | 6,831 | 6,643 | 20,027 | 7,026 |
| 5,821 | 16,679 | 4,655 | 5,946 | 20,624 | 6,633 | 7,057 | 21,262 | 6,723 |
| March 5,672 | 17,393 | 3,782 | March 5,816 | 21,252 | 6,554 | March 8,615 | 23,401 | 4,695 |
| 6,247 | 18,664 | 8,011 | 6,022 | 21,045 | 6,765 | 7,529 | 24,052 | 6,094 |
| 6,254 | 18,932 | 4,144 | 6,006 | 22,160 | 7,321 | 7,458 | 23,349 | 6,337 |
| 5,456 | 19,084 | 4,643 | 5,152 | 22,879 | 8,066 | 8,860 | 23,778 | 7,248 |
| 6,106 | 19,264 | 2,856 | 6,378 | 22,080 | 6,736 | 8,161 | 24,867 | 7,894 |
| April 7,026 | 16,532 | 1,325 | April 19,968 | 19,968 | 6,334 | April 8,369 | 24,304 | 6,742 |
| 6,584 | 15,834 | 1,597 | 18,565 | 18,565 | 4,546 | 7,611 | 21,782 | 5,413 |
| 6,580 | 16,035 | 1,812 | 18,797 | 18,797 | 5,719 | 6,754 | 21,780 | 6,501 |
| 5,964 | 15,973 | 2,523 | 18,854 | 18,854 | 6,210 | 6,155 | 22,240 | 7,621 |
| May 5,106 | 15,940 | 2,472 | May 5,329 | 19,306 | 5,645 | May 6,735 | 21,558 | 6,921 |
| 6,465 | 16,681 | 1,479 | 5,885 | 19,535 | 5,652 | 6,746 | 20,556 | 7,128 |
| 7,394 | 15,543 | 1,077 | 5,557 | 19,532 | 6,220 | 7,140 | 20,396 | 7,634 |
| 7,007 | 16,233 | 2,327 | 5,612 | 19,962 | 5,990 | 6,678 | 20,790 | 8,929 |
| June 6,917 | 16,252 | 2,379 | June 6,016 | 20,360 | 6,464 | 6,985 | 20,662 | 8,559 |
| 6,946 | 17,173 | 3,842 | 6,117 | 20,666 | 6,672 | June 6,405 | 21,176 | 9,668 |
| 7,107 | 17,488 | 4,469 | 7,103 | 21,406 | 6,211 | 6,635 | 21,902 | 10,573 |
| 6,324 | 18,147 | 5,692 | 5,628 | 22,572 | 8,384 | 7,446 | 22,058 | 10,415 |
| 7,801 | 20,111 | 3,586 | 6,675 | 24,935 | 7,121 | 11,114 | 21,924 | 6,445 |
| July 8,569 | 16,978 | 2,276 | July 8,060 | 20,001 | 4,482 | July 11,912 | 22,308 | 4,597 |
| 7,547 | 16,314 | 3,309 | 6,880 | 17,790 | 5,221 | 12,398 | 19,775 | 4,248 |
| 7,324 | 16,782 | 4,053 | 7,371 | 18,108 | 3,805 | 10,455 | 21,617 | 6,462 |
| Aug. 7,216 | 16,684 | 4,598 | 8,059 | 18,821 | 2,016 | 9,568 | 21,952 | 7,842 |
| 5,965 | 15,879 | 5,270 | Aug. 7,960 | 18,720 | 1,371 | Aug. 10,053 | 19,090 | 5,436 |
| 6,341 | 15,493 | 5,563 | 8,714 | 17,588 | 1,586 | 7,944 | 19,634 | 6,665 |
| 7,736 | 15,133 | 5,534 | 8,906 | 16,882 | 2,344 | 9,792 | 18,072 | 5,446 |
| 7,134 | 15,345 | 5,641 | 9,241 | 16,053 | 2,506 | 7,827 | 19,609 | 7,574 |
| Sept. 6,696 | 15,627 | 5,882 | 8,839 | 16,679 | 3,441 | 8,139 | 19,010 | 7,057 |
| 6,171 | 15,952 | 6,046 | Sept. 7,933 | 17,493 | 4,598 | Sept. 9,152 | 17,472 | 5,575 |
| 6,237 | 16,281 | 5,901 | 7,951 | 17,661 | 5,532 | 7,697 | 18,376 | 6,737 |
| 5,667 | 16,816 | 6,448 | 7,322 | 17,317 | 6,378 | 6,791 | 19,865 | 6,920 |
| 5,617 | 16,995 | 6,338 | 6,713 | 17,919 | 7,370 | 7,785 | 21,398 | 3,292 |
| Oct. 7,095 | 16,618 | 3,117 | Oct. 5,492 | 19,257 | 7,621 | Oct. 9,865 | 17,791 | 945 |
| 6,003 | 15,968 | 3,907 | 7,110 | 16,328 | 5,846 | 9,448 | 17,126 | 1,333 |
| 6,070 | 16,654 | 3,821 | 6,562 | 16,493 | 6,273 | 10,816 | 16,081 | 1,256 |
| 6,042 | 15,320 | 4,187 | 6,185 | 16,501 | 6,986 | 12,173 | 15,880 | 601 |
| Nov. 5,413 | 15,579 | 4,118 | Nov. 6,332 | 16,563 | 6,229 | Nov. 11,925 | 15,968 | 129 |
| 6,301 | 15,063 | 3,413 | 7,334 | 16,196 | 5,852 | 11,785 | 16,179 | 1,146 |
| 6,310 | 15,701 | 4,043 | 7,241 | 16,530 | 6,204 | 11,724 | 16,809 | 2,402 |
| 6,626 | 16,600 | 4,115 | 7,125 | 17,317 | 6,951 | 10,799 | 17,889 | 3,923 |
| Dec. 6,230 | 18,898 | 4,110 | Dec. 6,589 | 17,670 | 7,294 | 9,496 | 18,781 | 5,683 |
| 6,142 | 18,801 | 4,709 | 6,553 | 18,135 | 7,799 | 7,785 | 18,076 | 7,216 |
| 6,144 | 17,869 | 5,623 | 6,409 | 19,040 | 8,649 | 7,406 | 21,096 | 8,243 |
| 5,664 | 19,669 | 5,914 | 5,797 | 19,438 | 9,070 | 7,000 | 22,026 | 8,864 |
| 6,038 | 20,752 | 5,260 | 5,980 | 20,367 | 8,674 | 7,118 | 23,088 | 8,170 |
| 336,888 | 874,107 | 302,438 | 344,158 | 996,998 | 302,917 | 436,296 | 1,042,247 | 306,141 |
| ... | ... | 23.15 | ... | ... | 30.38 | ... | ... | 300,956 |
| 5,106 | 15,063 | 1,077 | 5,152 | 16,053 | 1,371 | 6,072 | 15,880 | -1,383 |
| 8,569 | 20,752 | 6,448 | 9,241 | 24,935 | 9,070 | 12,398 | 24,867 | 10,573 |

TABLE C.—continued.

BANK OF

000's omitted.

(Figures extracted from Record and from Returns

1872.

1873.

1874.

| Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. | Bankers' Balances. | Total Deposits less Bankers' Balances. | Reserves, Notes and Coin, less amount of Bankers' Balances. | Bankers' Balances. | Total Deposits less Bankers' Balances. | Reserves, Notes and Coin, less amount of Bankers' Balances. |
|--|---|---|--------------------|--|---|--------------------|--|---|
| Jan. 9,231 | 23,161 | % 5,415 | Jan. 10,044 | 22,473 | % 3,409 | Jan. 10,798 | 16,151 | % 1,048 |
| 9,498 | 20,349 | 5,081 | | 8,877 | 4 1/2 4,161 | | 15,468 | 3 1/2 1,938 |
| 9,494 | 19,988 | 5,174 | | 7,936 | 5,796 | | 10,248 | 15,193 |
| 7,917 | 19,891 | 6,874 | | 7,246 | 7,310 | | 9,551 | 16,074 |
| 8,604 | 20,427 | 6,011 | | 6,934 | 8,191 | Feb. | 7,608 | 16,192 |
| 6,738 | 20,808 | 7,439 | Feb. | 6,942 | 22,311 | | 8,842 | 17,061 |
| 7,382 | 22,537 | 6,858 | | 8,175 | 24,497 | | 7,458 | 18,437 |
| 7,235 | 22,653 | 7,084 | | 8,479 | 24,141 | | 7,480 | 18,882 |
| 7,902 | 23,236 | 6,368 | | 7,564 | 25,057 | March | 7,178 | 19,050 |
| 6,474 | 24,100 | 7,230 | March | 7,432 | 26,047 | | 7,059 | 19,798 |
| 6,676 | 24,852 | 7,139 | | 7,302 | 26,829 | | 7,486 | 20,000 |
| 6,806 | 26,086 | 6,961 | | 7,968 | 27,066 | | 6,923 | 20,636 |
| 8,563 | 26,321 | 3,987 | | 7,422 | 28,066 | April | 8,454 | 19,993 |
| 6,686 | 26,256 | 4,651 | April | 8,609 | 26,988 | | 9,152 | 17,419 |
| 8,315 | 23,255 | 2,174 | | 10,196 | 24,042 | | 8,454 | 17,298 |
| 8,548 | 21,552 | 2,274 | | 9,802 | 23,149 | | 6,995 | 18,887 |
| 7,316 | 21,672 | 3,947 | | 9,982 | 23,186 | | 7,527 | 25,030 |
| 7,860 | 22,933 | 3,373 | | 8,630 | 23,439 | May | 7,189 | 19,387 |
| 7,468 | 22,211 | 2,466 | May | 7,590 | 23,186 | | 6,814 | 18,942 |
| 7,476 | 21,177 | 2,467 | | 7,786 | 23,342 | | 7,153 | 17,821 |
| 6,429 | 21,080 | 3,834 | | 7,829 | 22,341 | | 7,502 | 17,515 |
| 6,650 | 21,627 | 4,833 | | 7,055 | 22,720 | June | 7,233 | 18,302 |
| 6,034 | 22,767 | 5,942 | June | 7,347 | 23,304 | | 7,527 | 18,012 |
| 6,079 | 22,261 | 6,885 | | 7,374 | 22,785 | | 8,112 | 18,509 |
| 6,175 | 22,553 | 7,418 | | 7,222 | 22,506 | | 7,422 | 19,069 |
| 6,095 | 24,931 | 8,243 | July | 8,973 | 22,157 | July | 9,531 | 20,333 |
| 6,947 | 24,124 | 5,671 | | 8,525 | 22,065 | | 8,638 | 16,554 |
| 6,723 | 19,280 | 5,554 | | 9,264 | 16,463 | | 8,796 | 14,959 |
| 8,028 | 19,202 | 3,470 | | 8,475 | 15,872 | | 8,728 | 14,649 |
| 9,069 | 19,433 | 2,909 | | 8,709 | 15,839 | | 8,047 | 14,582 |
| 13,046 | 19,795 | 1,568 | Aug. | 7,822 | 16,582 | Aug. | 7,784 | 14,264 |
| 10,643 | 20,467 | 960 | | 7,176 | 16,500 | | 7,653 | 14,806 |
| 7,723 | 20,626 | 4,118 | | 7,287 | 16,702 | | 8,445 | 14,663 |
| 7,358 | 19,679 | 4,771 | | 8,205 | 16,417 | | 9,003 | 14,853 |
| 7,255 | 19,719 | 5,109 | | 8,839 | 16,852 | Sept. | 8,419 | 15,209 |
| 6,835 | 20,395 | 4,873 | Sept. | 10,717 | 16,874 | | 8,461 | 15,167 |
| 7,663 | 21,262 | 3,949 | | 11,319 | 17,761 | | 8,471 | 15,477 |
| 7,870 | 21,012 | 3,482 | | 11,283 | 18,134 | | 7,981 | 16,176 |
| 7,896 | 21,573 | 3,126 | | 10,550 | 18,907 | | 8,766 | 16,079 |
| 7,198 | 20,648 | 1,824 | Oct. | 10,500 | 18,540 | Oct. | 10,799 | 15,832 |
| 8,172 | 18,156 | 560 | | 11,539 | 16,046 | | 11,043 | 14,862 |
| 7,235 | 17,741 | 1,316 | | 9,413 | 15,335 | | 11,189 | 14,813 |
| 7,345 | 18,214 | 1,247 | | 9,074 | 13,907 | | 10,374 | 14,332 |
| 7,090 | 18,500 | 1,969 | | 8,111 | 14,419 | Nov. | 9,111 | 14,212 |
| 6,327 | 18,656 | 2,721 | Nov. | 8,990 | 13,367 | | 9,086 | 13,627 |
| 7,918 | 19,536 | 1,325 | | 9,680 | 14,411 | | 7,073 | 13,901 |
| 7,440 | 19,211 | 3,512 | | 9,013 | 13,998 | | 8,008 | 14,294 |
| 6,290 | 19,432 | 4,774 | | 9,074 | 14,891 | Dec. | 7,708 | 14,768 |
| 7,531 | 19,131 | 4,887 | Dec. | 9,061 | 15,767 | | 6,485 | 14,584 |
| 7,623 | 19,821 | 6,210 | | 8,790 | 16,463 | | 7,234 | 15,292 |
| 7,092 | 20,693 | 7,484 | | 7,448 | 17,673 | | 6,814 | 15,998 |
| 6,401 | 21,089 | 7,226 | | 7,510 | 18,183 | | 8,917 | 17,579 |
| ... | ... | ... | | 9,969 | 19,945 | ... | ... | ... |
| 396,663 | 1,103,946 | 233,125 1,568 | 455,059 | 1,055,172 | 188,247 7,666 | 433,760 | 871,414 | 144,172 5,256 |
| | | 231,557 | | | 180,581 | | | 138,916 |
| Ratio per cent. of yearly total of Reserve to Deposits | | 20-97 | ... | ... | 17-11 | ... | ... | 15-94 |
| Variation between 6,034 | 17,741 | -1,568 | 6,934 | 13,367 | -2,424 | 6,485 | 13,627 | -1,745 |
| and 13,046 | 26,321 | 8,243 | 11,539 | 28,066 | 8,191 | 11,169 | 25,030 | 5,996 |

TABLE C.—continued.

ENGLAND.

published by order of the House of Commons.)

1875.

1876.

1877.

| Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. | Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. | Bankers' Balances. | Total Deposits, less Bankers' Balances. | Reserve Notes and Coin, less amount of Bankers' Balances. |
|--------------------|---|---|--------------------|---|---|--------------------|---|---|
| | | % | | | % | | | % |
| Jan. 10,262 | 15,591 | 5 | Jan. 7,933 | 20,007 | 5 | Jan. 11,765 | 20,376 | 5 |
| 9,330 | 14,583 | 4 | 8,901 | 15,622 | 4 | 13,307 | 19,452 | 4 |
| 9,906 | 13,694 | 3 | 1,415 | 8,804 | 3 | 13,030 | 19,012 | 3 |
| 9,873 | 13,679 | 3 | 8,624 | 15,366 | 3 | 12,665 | 18,802 | 3 |
| Feb. 8,065 | 14,417 | 3 | 7,661 | 15,668 | 3 | 10,578 | 19,405 | 3 |
| 7,466 | 15,221 | 3 | 8,092 | 16,773 | 3 | 9,575 | 19,559 | 3 |
| 8,201 | 16,060 | 3 | 7,821 | 18,548 | 3 | 9,011 | 20,512 | 3 |
| 8,115 | 16,190 | 3 | 7,806 | 19,183 | 3 | 9,532 | 20,478 | 3 |
| March 7,563 | 16,792 | 3 | 8,337 | 19,735 | 3 | 9,223 | 22,032 | 3 |
| 8,430 | 18,280 | 3 | 7,930 | 20,045 | 3 | 8,717 | 21,814 | 3 |
| 8,119 | 17,873 | 3 | 9,243 | 20,464 | 3 | 8,647 | 22,438 | 3 |
| 7,634 | 18,876 | 3 | 8,664 | 20,062 | 3 | 8,693 | 22,256 | 3 |
| 8,826 | 18,706 | 3 | 8,545 | 20,280 | 3 | 8,358 | 25,768 | 3 |
| April 8,819 | 15,216 | 3 | 9,202 | 19,042 | 3 | 8,040 | 24,092 | 3 |
| 8,024 | 14,625 | 3 | 11,226 | 15,906 | 3 | 8,750 | 20,516 | 3 |
| 7,942 | 14,662 | 3 | 11,820 | 15,824 | 3 | 9,830 | 19,818 | 3 |
| 7,648 | 15,551 | 3 | 11,720 | 16,358 | 3 | 9,244 | 19,707 | 3 |
| May 7,072 | 15,845 | 3 | 10,737 | 16,776 | 3 | 8,926 | 19,870 | 3 |
| 8,346 | 15,206 | 3 | 9,746 | 18,146 | 3 | 8,633 | 19,688 | 3 |
| 7,374 | 15,198 | 3 | 9,339 | 18,107 | 3 | 7,976 | 20,306 | 3 |
| 10,017 | 14,950 | 3 | 9,861 | 18,392 | 3 | 8,614 | 19,969 | 3 |
| June 11,867 | 15,795 | 3 | 9,702 | 18,563 | 3 | 8,833 | 19,832 | 3 |
| 10,497 | 16,385 | 3 | 9,253 | 19,767 | 3 | 8,378 | 20,568 | 3 |
| 9,902 | 16,694 | 3 | 10,518 | 19,436 | 3 | 8,474 | 20,579 | 3 |
| 12,399 | 17,652 | 3 | 11,631 | 19,426 | 3 | 8,743 | 21,279 | 3 |
| 14,202 | 20,791 | 3 | 11,084 | 20,068 | 3 | 8,281 | 21,437 | 3 |
| July 13,952 | 16,766 | 3 | 11,223 | 20,262 | 3 | 10,890 | 19,732 | 3 |
| 14,309 | 15,817 | 3 | 15,577 | 16,869 | 3 | 12,139 | 17,994 | 3 |
| 14,993 | 15,035 | 3 | 16,681 | 16,710 | 3 | 10,908 | 19,076 | 3 |
| 14,572 | 15,240 | 3 | 17,239 | 16,704 | 3 | 10,490 | 18,074 | 3 |
| Aug. 13,401 | 15,335 | 3 | 16,787 | 17,205 | 3 | 10,336 | 18,213 | 3 |
| 13,715 | 15,317 | 3 | 16,043 | 17,390 | 3 | 9,075 | 17,842 | 3 |
| 13,615 | 15,660 | 3 | 16,197 | 17,937 | 3 | 9,911 | 17,155 | 3 |
| 12,721 | 16,615 | 3 | 16,013 | 17,545 | 3 | 9,682 | 17,385 | 3 |
| Sept. 12,515 | 16,589 | 3 | 15,118 | 18,337 | 3 | 9,870 | 17,446 | 3 |
| 11,345 | 17,059 | 3 | 16,810 | 18,168 | 3 | 9,445 | 17,588 | 3 |
| 10,783 | 17,378 | 3 | 16,000 | 18,062 | 3 | 9,693 | 17,617 | 3 |
| 10,631 | 16,983 | 3 | 16,076 | 18,800 | 3 | 9,425 | 17,679 | 3 |
| 10,792 | 16,745 | 3 | 14,620 | 19,042 | 3 | 9,545 | 17,466 | 3 |
| Oct. 13,291 | 17,148 | 3 | 13,626 | 19,754 | 3 | 8,820 | 17,013 | 3 |
| 13,606 | 16,672 | 3 | 16,463 | 19,722 | 3 | 8,676 | 17,341 | 3 |
| 12,047 | 16,696 | 3 | 16,505 | 18,776 | 3 | 8,720 | 17,067 | 3 |
| 9,972 | 15,490 | 3 | 15,754 | 19,278 | 3 | 10,630 | 15,110 | 3 |
| Nov. 9,680 | 14,841 | 3 | 14,873 | 20,011 | 3 | 10,069 | 15,412 | 3 |
| 9,114 | 14,320 | 3 | 13,832 | 19,228 | 3 | 9,341 | 14,978 | 3 |
| 9,968 | 14,189 | 3 | 13,241 | 18,867 | 3 | 9,177 | 14,776 | 3 |
| 9,970 | 14,479 | 3 | 12,452 | 19,199 | 3 | 9,144 | 14,516 | 3 |
| Dec. 10,269 | 16,286 | 3 | 10,751 | 20,704 | 3 | 9,555 | 14,686 | 3 |
| 8,761 | 16,906 | 3 | 11,128 | 20,697 | 3 | 8,419 | 15,867 | 3 |
| 9,665 | 16,646 | 3 | 10,640 | 21,097 | 3 | 8,775 | 16,982 | 3 |
| 8,082 | 17,014 | 3 | 9,990 | 21,431 | 3 | 8,872 | 17,186 | 3 |
| 9,459 | 17,996 | 3 | 9,420 | 21,629 | 3 | 8,695 | 17,431 | 3 |
| 526,906 | 836,573 | 74,238 | 616,259 | 969,585 | 213,699 | 496,255 | 981,203 | 153,642 |
| | | 8,251 | | | | | | 1,019 |
| | | 65,287 | | | | | | 152,623 |
| ... | ... | 7.8 | ... | ... | 22.04 | ... | ... | 16.55 |
| 7,072 | 13,679 | 2,716 | 7,661 | 15,366 | 169 | 7,976 | 14,516 | -628 |
| 14,993 | 20,791 | 4,561 | 17,239 | 21,629 | 7,231 | 13,307 | 25,788 | 5,894 |

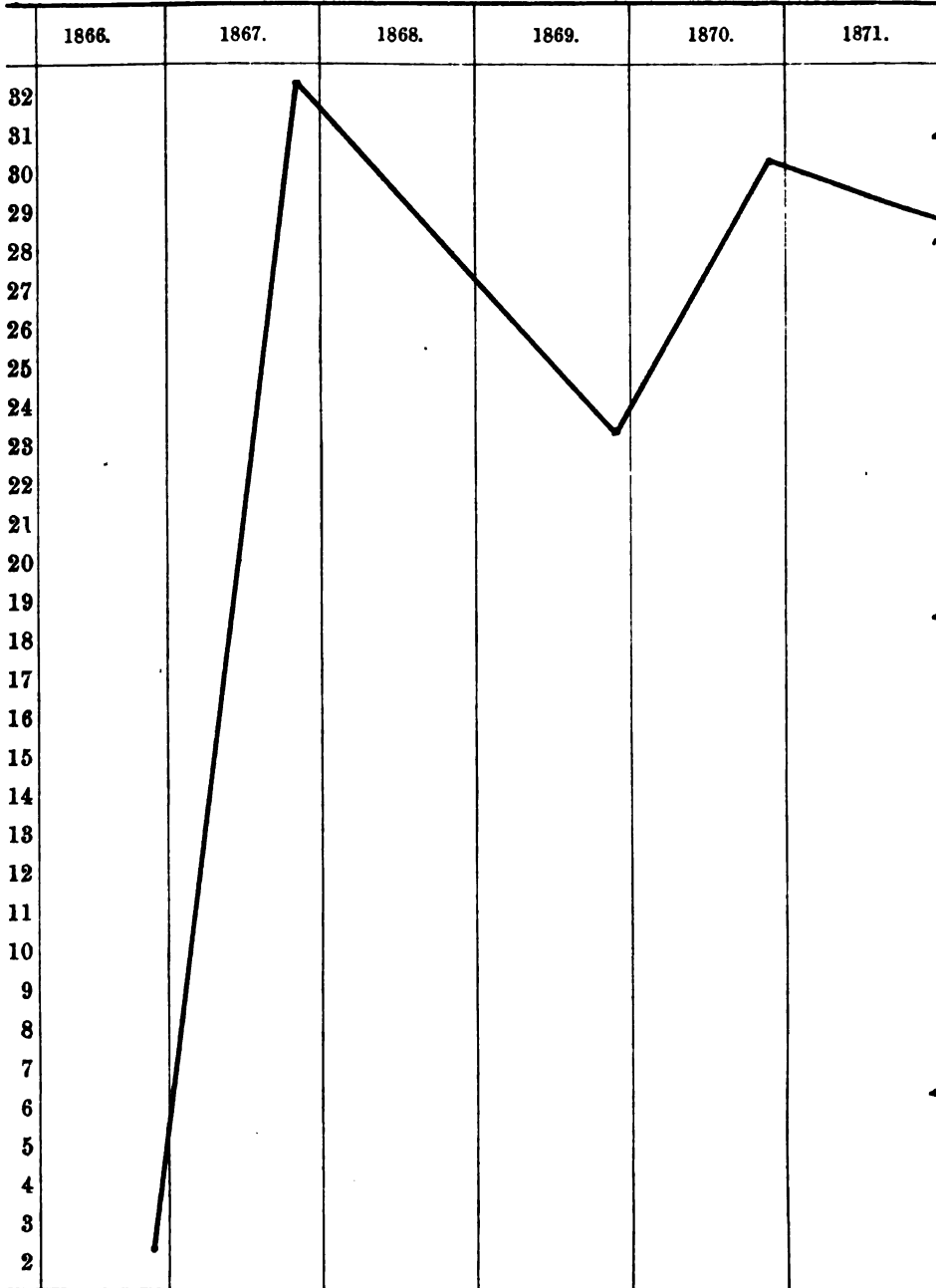
TABLE E.

BANK OF ENGLAND BANKING DEPARTMENT.

000's omitted.

| 1878. | Coin and Bullion. | Notes. | Deposits. | | Total Securities. | Date of Change. | Bank Rate. |
|---------|-------------------|--------|-----------|--------|-------------------|-----------------|------------|
| | | | Public. | Other. | | | |
| | £ | £ | £ | £ | £ | 1878 | % |
| Jan. 2 | 713 | 11,339 | 5,903 | 22,064 | 33,889 | ... | ... |
| 9 | 754 | 11,148 | 4,384 | 25,358 | 36,043 | Jan. 10 | 3 |
| 16 | 853 | 11,343 | 3,663 | 26,175 | 35,892 | ... | ... |
| 23 | 957 | 11,659 | 3,706 | 26,110 | 35,461 | ... | ... |
| 30 | 1,007 | 11,974 | 3,679 | 25,134 | 34,074 | Jan. 31 | 2 |
| Feb. 6 | 987 | 11,851 | 4,759 | 22,777 | 32,964 | ... | ... |
| 13 | 1,005 | 12,220 | 5,697 | 22,263 | 32,983 | ... | ... |
| 20 | 1,032 | 12,369 | 6,524 | 21,530 | 32,875 | ... | ... |
| 27 | 1,127 | 11,791 | 6,885 | 23,331 | 35,497 | ... | ... |
| March 6 | 1,134 | 11,342 | 10,140 | 21,413 | 37,660 | ... | ... |
| 13 | 1,162 | 11,592 | 11,312 | 22,397 | 39,538 | ... | ... |
| 20 | 1,176 | 11,469 | 11,824 | 23,054 | 40,821 | ... | ... |
| 27 | 1,109 | 10,807 | 12,288 | 23,338 | 42,304 | March 28 | 3 |
| April 3 | 1,037 | 9,649 | 9,552 | 23,195 | 40,939 | ... | ... |
| 10 | 1,073 | 9,158 | 7,110 | 23,333 | 38,179 | ... | ... |
| 17 | 1,082 | 8,764 | 7,242 | 22,359 | 37,708 | ... | ... |
| 24 | 1,038 | 9,012 | 7,845 | 21,057 | 36,775 | ... | ... |
| May 1 | 1,201 | 8,460 | 7,351 | 22,012 | 37,642 | ... | ... |
| 8 | 1,204 | 8,749 | 7,085 | 20,951 | 36,038 | ... | ... |
| 15 | 1,122 | 9,506 | 6,726 | 21,417 | 35,470 | ... | ... |
| 22 | 1,136 | 9,603 | 6,251 | 21,486 | 34,949 | ... | ... |
| 29 | 1,136 | 10,202 | 6,743 | 21,286 | 34,626 | May 30 | 2½ |
| June 5 | 1,097 | 9,754 | 6,951 | 21,763 | 35,765 | ... | ... |
| 12 | 1,141 | 10,106 | 7,185 | 21,126 | 34,962 | ... | ... |
| 19 | 1,103 | 10,723 | 7,471 | 21,405 | 34,973 | ... | ... |
| 26 | 1,096 | 9,762 | 7,940 | 21,953 | 36,919 | June 27 | 3 |
| July 3 | 1,079 | 8,003 | 7,539 | 21,546 | 37,975 | July 4 | 3½ |
| 10 | 1,091 | 8,237 | 4,758 | 22,900 | 36,516 | ... | ... |
| 17 | 1,021 | 8,251 | 4,031 | 22,624 | 35,689 | ... | ... |
| 24 | 1,059 | 8,378 | 3,567 | 21,339 | 33,707 | ... | ... |
| 31 | 961 | 7,942 | 3,567 | 21,977 | 34,846 | Aug. 1 | 4 |
| Aug. 7 | 989 | 7,614 | 3,622 | 19,986 | 33,277 | ... | ... |
| 14 | 1,005 | 7,907 | 3,534 | 21,001 | 33,927 | Aug. 12 | 5 |
| 21 | 1,065 | 8,209 | 3,053 | 20,462 | 32,564 | ... | ... |
| 28 | 1,019 | 8,910 | 3,441 | 20,624 | 32,350 | ... | ... |
| Sept. 4 | 954 | 9,347 | 3,436 | 20,986 | 32,688 | ... | ... |
| 11 | 884 | 10,293 | 4,425 | 19,907 | 31,741 | ... | ... |
| 18 | 866 | 10,922 | 4,584 | 20,330 | 31,736 | ... | ... |
| 25 | 878 | 11,376 | 4,674 | 20,087 | 31,087 | ... | ... |
| Oct. 2 | 873 | 9,900 | 4,503 | 21,938 | 34,281 | ... | ... |
| 9 | 932 | 9,282 | 4,141 | 25,967 | 37,867 | ... | ... |
| 16 | 930 | 7,587 | 3,156 | 27,321 | 39,961 | Oct. 14 | 6 |
| 23 | 914 | 8,251 | 2,929 | 27,859 | 39,649 | ... | ... |
| 30 | 930 | 9,409 | 2,715 | 28,311 | 38,680 | ... | ... |
| Nov. 6 | 890 | 9,746 | 3,390 | 26,829 | 37,616 | ... | ... |
| 13 | 976 | 10,492 | 2,662 | 26,884 | 36,121 | ... | ... |
| 20 | 1,037 | 11,273 | 2,946 | 26,896 | 35,528 | Nov. 21 | 5 |
| 27 | 994 | 11,749 | 3,112 | 27,060 | 35,377 | ... | ... |
| Dec. 4 | 934 | 11,025 | 3,596 | 25,869 | 35,465 | ... | ... |
| 11 | 833 | 8,914 | 4,484 | 26,370 | 39,084 | ... | ... |
| 18 | 914 | 8,273 | 5,128 | 26,691 | 40,652 | ... | ... |
| 25 | 972 | 8,370 | 5,578 | 27,872 | 42,141 | ... | ... |

VARIATION OF YEARLY RATIOS OF PERCENTAGE OF THE BANK OF ENGLAND'S



D.
 SERVE TO ITS DEPOSITS AFTER THE DEDUCTION OF THE BANKERS' BALANCES.

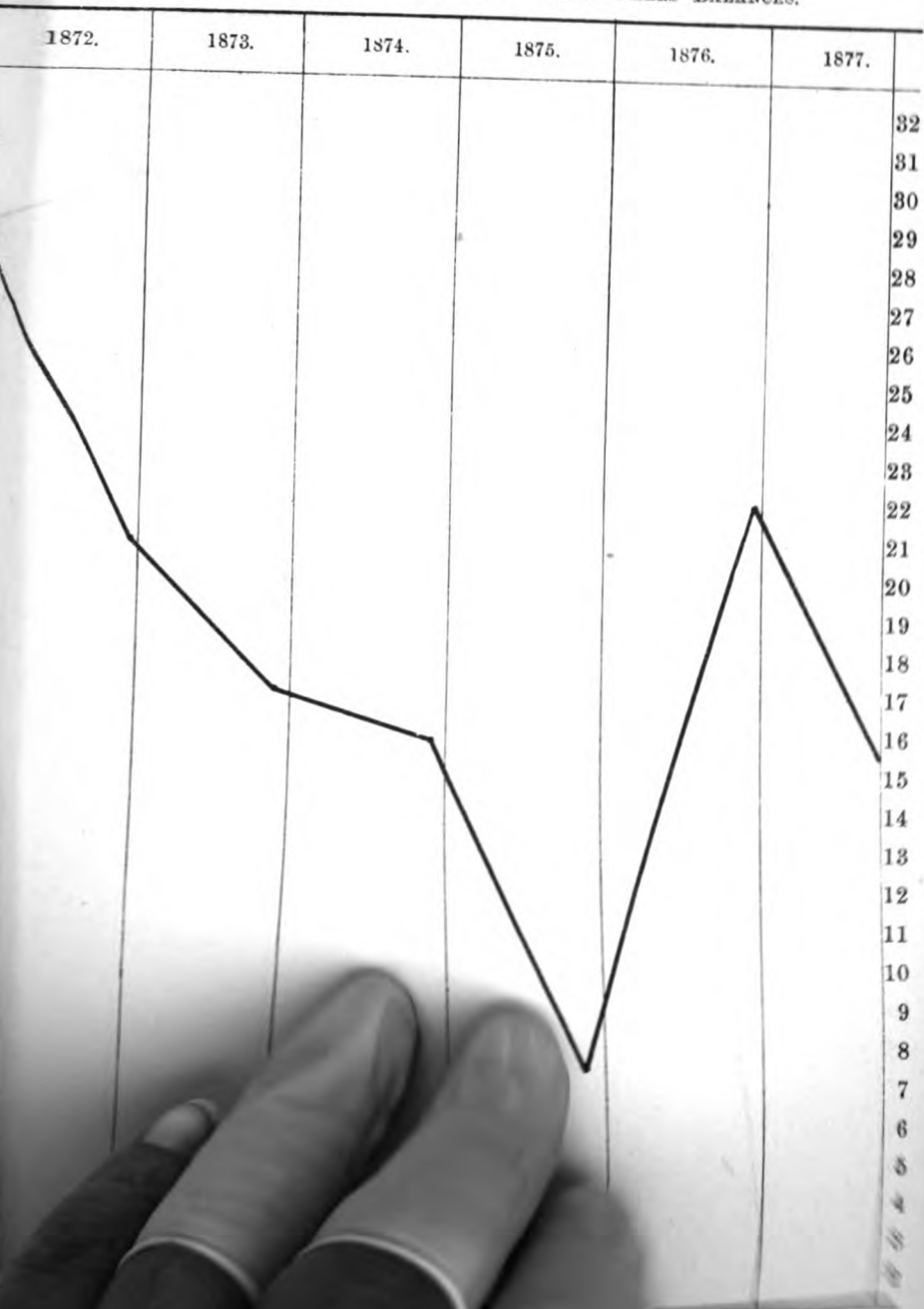


TABLE F.

SMALLEST AMOUNT OF COIN AND BULLION HELD BY THE ISSUE DEPARTMENT OF THE BANK OF ENGLAND IN EACH YEAR, FROM 1844 TO 1883 INCLUSIVE.

000's omitted.

| | | | | | | | | | |
|------|-----|-----|-----|---------|------|-----|-----|-----|---------|
| 1844 | ... | ... | ... | £13,401 | 1864 | ... | ... | ... | £11,778 |
| 1845 | ... | ... | ... | 12,540 | 1865 | ... | ... | ... | 11,956 |
| 1846 | ... | ... | ... | 12,525 | 1866 | ... | ... | ... | 11,300 |
| 1847 | ... | ... | ... | 7,865 | 1867 | ... | ... | ... | 17,882 |
| 1848 | ... | ... | ... | 11,791 | 1868 | ... | ... | ... | 16,764 |
| 1849 | ... | ... | ... | 13,461 | 1869 | ... | ... | ... | 15,395 |
| 1850 | ... | ... | ... | 14,352 | 1870 | ... | ... | ... | 17,958 |
| 1851 | ... | ... | ... | 12,642 | 1871 | ... | ... | ... | 18,395 |
| 1852 | ... | ... | ... | 16,992 | 1872 | ... | ... | ... | 18,962 |
| 1853 | ... | ... | ... | 14,359 | 1873 | ... | ... | ... | 18,590 |
| 1854 | ... | ... | ... | 11,779 | 1874 | ... | ... | ... | 19,210 |
| 1855 | ... | ... | ... | 10,189 | 1875 | ... | ... | ... | 19,921 |
| 1856 | ... | ... | ... | 8,915 | 1876 | ... | ... | ... | 20,536 |
| 1857 | ... | ... | ... | 6,080 | 1877 | ... | ... | ... | 21,438 |
| 1858 | ... | ... | ... | 12,113 | 1878 | ... | ... | ... | 20,674 |
| 1859 | ... | ... | ... | 15,926 | 1879 | ... | ... | ... | 26,252 |
| 1860 | ... | ... | ... | 12,094 | 1880 | ... | ... | ... | 23,523 |
| 1861 | ... | ... | ... | 10,712 | 1881 | ... | ... | ... | 19,562 |
| 1862 | ... | ... | ... | 13,939 | 1882 | ... | ... | ... | 17,882 |
| 1863 | ... | ... | ... | 12,279 | 1883 | ... | ... | ... | 18,889 |

TABLE G.
BANK OF ENGLAND.
 000's omitted.

| ISSUE DEPARTMENT. | | | BANKING DEPARTMENT. | | | | | |
|-------------------|------------------------------|--------|-----------------------------|--------|--------------------|----------------------|--------------------|--------------------|
| 1857. | Gold Coin and Bullion. | Notes. | Gold and Silver Coin. | Notes. | Total Deposits. | Total Securities. | Date of Change. | Bank Rate. 6 |
| | £ | £ | £ | £ | £ | £ | | |
| Jan. 3* | 9,547 | 24,022 | 635 | 4,797 | 17,689 | 30,895 | ... | ... |
| 10 | 9,556 | 24,031 | 625 | 4,603 | 14,350 | 27,856 | ... | ... |
| 17 | 9,502 | 23,977 | 608 | 4,514 | 14,473 | 28,137 | ... | ... |
| 24 | 9,467 | 23,942 | 650 | 4,852 | 14,108 | 27,399 | ... | ... |
| 31 | 9,462 | 23,937 | 678 | 4,764 | 15,946 | 29,266 | ... | ... |
| Feb. 7 | 9,293 | 23,768 | 687 | 4,894 | 16,151 | 29,426 | ... | ... |
| 14 | 9,579 | 24,054 | 680 | 5,257 | 16,862 | 29,793 | ... | ... |
| 21 | 9,694 | 24,169 | 711 | 5,554 | 16,750 | 29,286 | ... | ... |
| 28 | 9,639 | 24,114 | 705 | 5,517 | 18,400 | 31,194 | ... | ... |
| March 7 | 9,623 | 24,098 | 687 | 5,271 | 18,093 | 31,214 | ... | ... |
| 14 | 9,575 | 24,050 | 723 | 5,532 | 18,473 | 31,272 | ... | ... |
| 21 | 9,590 | 24,065 | 722 | 5,480 | 18,810 | 31,645 | ... | ... |
| 28 | 9,210 | 23,685 | 778 | 4,628 | 19,219 | 32,889 | April 2 | 6½ |
| April 4 | 8,570 | 23,045 | 774 | 3,507 | 18,439 | 33,296 | ... | ... |
| 11 | 8,321 | 22,796 | 743 | 3,044 | 15,597 | 30,318 | ... | ... |
| 18 | 8,909 | 23,884 | 697 | 3,649 | 15,515 | 29,737 | ... | ... |
| 25 | 8,833 | 23,308 | 722 | 3,520 | 14,762 | 29,062 | ... | ... |
| May 2 | 8,854 | 23,330 | 704 | 3,553 | 15,381 | 29,711 | ... | ... |
| 9 | 9,808 | 23,567 | 715 | 4,226 | 15,245 | 28,934 | ... | ... |
| 16 | 9,120 | 23,595 | 734 | 4,350 | 15,241 | 28,775 | ... | ... |
| 23 | 9,058 | 23,533 | 746 | 4,502 | 14,644 | 27,995 | ... | ... |
| 30 | 9,326 | 23,801 | 706 | 4,724 | 15,490 | 28,629 | ... | ... |
| June 6 | 9,588 | 24,064 | 702 | 5,277 | 16,833 | 29,393 | ... | ... |
| 13 | 10,221 | 24,696 | 688 | 5,924 | 17,045 | 29,005 | June 18 | 6 |
| 20 | 10,436 | 24,912 | 736 | 6,108 | 17,098 | 28,809 | ... | ... |
| 27 | 10,704 | 25,179 | 675 | 6,037 | 17,426 | 29,315 | ... | ... |
| July 4 | 10,866 | 25,341 | 651 | 5,872 | 17,522 | 29,641 | ... | ... |
| 11 | 10,938 | 25,413 | 654 | 5,451 | 13,026 | 26,674 | July 16 | 5½ |
| 18 | 11,190 | 25,665 | 650 | 5,687 | 14,281 | 26,780 | ... | ... |
| 25 | 11,026 | 25,502 | 646 | 5,925 | 14,410 | 26,648 | ... | ... |
| Aug. 1 | 10,660 | 25,136 | 642 | 5,229 | 15,828 | 28,814 | ... | ... |
| 8 | 10,623 | 25,096 | 660 | 5,551 | 16,564 | 29,273 | ... | ... |
| 15 | 10,601 | 25,076 | 659 | 5,683 | 16,218 | 28,797 | ... | ... |
| 22 | 10,564 | 25,039 | 666 | 5,881 | 15,564 | 27,947 | ... | ... |
| 29 | 10,849 | 25,324 | 652 | 6,000 | 16,135 | 28,405 | ... | ... |
| Sept. 5 | 10,836 | 25,311 | 655 | 6,065 | 16,448 | 28,945 | ... | ... |
| 12 | 10,592 | 25,067 | 626 | 6,194 | 16,839 | 29,258 | ... | ... |
| 19 | 10,535 | 25,001 | 653 | 6,109 | 17,048 | 29,556 | ... | ... |
| 26 | 10,681 | 25,156 | 595 | 6,014 | 17,656 | 30,313 | ... | ... |
| Oct. 3 | 10,078 | 24,553 | 585 | 4,606 | 18,245 | 32,429 | Oct. 8 | 6 |
| 10 | 9,540 | 24,015 | 570 | 4,024 | 18,169 | 32,959 | 12 | 7 |
| 17 | 8,925 | 23,400 | 599 | 3,217 | 15,965 | 30,794 | 19 | 8 |
| 24 | 8,777 | 23,252 | 593 | 3,486 | 16,126 | 30,659 | ... | ... |
| Nov. 4† | 7,947 | 22,422 | 551 | 2,155 | 16,783 | 32,748 | Nov. 5 | 9 |
| 11 | 6,666 | 21,141 | 504 | 958 | 18,250 | 35,558 | 9 | 10 |
| 18† | 6,080 | 22,555 | 405 | 1,148 | 19,443 | 36,706 | ... | ... |
| 25 | 6,784 | 23,259 | 480 | 1,919 | 20,741 | 37,158 | ... | ... |
| Dec. 2 | 6,891 | 23,371 | 461 | 2,268 | 20,518 | 36,633 | ... | ... |
| 9 | 7,568 | 24,043 | 501 | 3,900 | 21,089 | 35,542 | ... | ... |
| 16 | 8,926 | 25,401 | 525 | 5,757 | 21,922 | 34,711 | ... | ... |
| 23 | 10,209 | 26,684 | 544 | 7,427 | 22,581 | 33,581 | Dec. 24 | 8 |
| 30 | 10,905 | 25,381 | 549 | 6,065 | 22,516 | 34,841 | ... | ... |

* £14,475,000 Notes issued against security, in accordance with the Bank Act.

† Returns to Wednesday.

‡ £2,000,000 issued on security.

DISCUSSION ON MR. AITCHISON'S PAPER.

The PRESIDENT : We are very much obliged to Mr. Aitchison for the trouble he has taken in compiling this paper, and I am sure I am expressing your views in thanking him for it. I do not know that he would find there is a unanimity of consent to the opinions he has enunciated, and I have no doubt several members here present will be glad of the opportunity of expressing their views on the subject. Of course the question in the first part of the paper as to the ratio of a banker's cash reserve with regard to his liability is one Mr. Aitchison properly says can only be determined by experience. One class of banking business may require a very much larger reserve of cash than another class, but that is a point which every banker must discover for himself, and which he naturally does very soon find out in the course of his business. In regard to the more important question as to the treatment of bankers' cash balances at the Bank of England, whether they should be kept separate or not, I imagine when it was decided to discontinue the separation of the bankers' balances, it was done because it was not exactly seen why they should be treated separately, or why the banks should be treated for the purposes of returns in any other category than the other customers of the Bank of England. Of course in hard times they are rather different from most other customers of the Bank, because they would struggle to keep their balances up rather than let them fall down, and in that way they may be considered in a certain sense reserves. But for my part I think the use of the word "reserves," as applied to the bankers' balances of the Bank of England is altogether misleading, because it is not, strictly speaking, a reserve, any more than an ordinary balance that a merchant keeps at his bankers may be called his reserve. I think it tends to mislead because it is really not a reserve of the bank in any proper form; it is his cash balance which he keeps at his bankers for the use of money he may want suddenly during the day, just as a merchant or a private individual keeps a cash balance with his banker. Then supposing the Bank of England did not keep the bankers' balances, the question is in what form should they keep them? It would hardly do to keep them in sovereigns or bullion, because, for all practical purposes, persons would not desire to be paid their cheques in bullion or in gold coin. It must be kept in legal tender notes—as Mr. Aitchison observes—in bank notes, and in that case if the bank note is the form in which this cash balance must be kept it is no reason why it should not be kept at the Bank of England as well as in the vaults of a particular bank, because there has been no suspicion thrown in any way on the final convertibility of the bank note into sovereigns in case of necessity, and I do not seem to see that the bankers would strengthen their position by merely keeping so many bank notes—of the same amount as they now keep at the Bank of England—downstairs, to be handed over to customers on requirement. It was done

in the old times, as you are all aware, before my recollection—but a certain number of years ago bankers' balances were kept at a nominal amount at the bank and the rest of it in bank notes, which they kept downstairs, and which they paid their clearing with or used in any other way. I believe in our case the rule always was when the balance at the Bank of England had crept up by degrees to £100,000 £95,000 was withdrawn, and £5,000 kept at the Bank of England. I believe that was about the rule then followed by bankers. I do not myself see why the Bank of England should separate the money of their banking customers from that of any other customer. The question would again arise, "Who is a banker?" Would foreign bankers' accounts be separated from purely clearing banks? Would they be considered bankers or not? There are an infinite variety of bankers in London who keep accounts with the Bank of England, and it would be very difficult to put one in the category of bankers and another not. And then with regard to London bankers, other than the Bank of England, ought they to separate their country balances, which they hold for their country bankers, apart from their other balances, and treat them in a separate category altogether? For myself I do not think there is any valid reason for so doing. The whole of the paper turns upon the point as to how far the Bank of England should keep the bankers' balances, and I must confess that, in my opinion, it is a very great convenience to bankers, and there has been no practical difficulty about it that I am aware of. The amount of the balance that each banker keeps for himself is of course a matter personal to his own interest, and whether he keeps it in the form of cash in his till, or in his vaults, or in the form of a balance at the Bank of England does not make much difference, but if he did keep it with the Government, merely against the issue of bank notes, I do not think that, so far as I understand, it would be at all practicable. I must confess I think we should all agree that it would be extremely interesting, from a mercantile point of view, to see the bankers' balances separated from other balances, if you know exactly what is meant by "bankers' balances," and whose money is included in those balances, for you would see a good deal of what the course of fluctuation of business may be. But looking at it from the point of view of the Bank of England I must confess I do not see that they have any obligation or necessity for keeping them separate; but one customer to them is much in the same category as another, in this way, that they have to find money for what is placed in their hands whether it is a private account, or a man keeping one hundred pounds there, or a banker keeping a great many thousands or millions.

Mr. HARVEY: Either directly or indirectly this paper covers almost the entire ground of the operation of the Bank Acts. The points touched in it are very interesting, but, like other of the papers read here, one feels one would like time to consider at leisure the questions raised before attempting to say anything

about them. The whole question of the relation of a banker's cash reserve to his liabilities must depend upon his own experience of the nature of those liabilities at any given time; and what applies to the individual banker applies also to the Bank of England. The whole theory of the Bank Acts was that the Bank of England should be the custodian of the ultimate cash reserve of the country, and however enormous may be the superstructure of credit based upon that reserve there was one duty incumbent both upon the Bank and upon the State, and that was to take care of the note issue. That was what led to the separation of the departments. Next to the convertibility of the note came the question of deposits, and, it seems to me, that the idea of the Bank Act of 1844 was that the Bank of England had simply to deal with them under conditions of responsibility similar to those which all bankers are amenable to, intensified, no doubt, by the fact that they are the custodians of the ultimate cash reserve. I cannot recollect in the evidence that was taken at that time that there was any idea that bankers' balances should be treated separately. I do not doubt that the separate publication of the bankers' balances would be a matter of considerable statistical interest. The point which seems to me to be borne out by an investigation of these balances is simply that the Bank of England, as the custodian of the bank reserves, has to conduct its business with extreme caution. Having regard to the enormous superstructure of credit based on so small a cash reserve, and with the business of the whole world centring in this city, I think our commercial history testifies to the wisdom with which the Bank of England has, on the whole, acted. I do not follow this sentence of the paper: "It was further seen that whatever importance attaches to the import and export of gold attaches to it not from the fact that it is gold, but that it affects the reserve of the banking department of the Bank of England." I do not see how, in the movements of gold, there can be any factor of greater interest than the effect of such movements upon the bank reserve. Obviously only through that channel, either directly or indirectly, can gold affect prices, either of commodities or of capital. Through that channel it enters into circulation, and hence affects the entire home and foreign trade of the nation. Gold, of course, is the metal in which all contracts are made, hence the relation of its import or export to the reserve is of vital importance. Again, the paper says: "The corollary to be deduced from the above remarks appears to be this, that no banker keeps a reserve for the public wants." Well, he is bound to keep a reserve for his own wants, and will, I think, best look after the public wants if he looks after his own stability. The paper continues: "All exceptional advances made at times of panic or pressure, although made through the Bank of England, are virtually made by the State." But how is that, unless you reach the point at which the Bank of England has to ask for the suspension of the Act? There are a certain number of notes allowed to be issued in exchange for gold.

There is a credit issue made against a certain debt owed by the Government to the Bank of England and three-quarters of the lapsed issue of country banks. If at any time the notes in the hands of the Bank of England are not adequate to meet the demands upon it you have the state of affairs which necessitates a suspension of the Act. In such a case you may say "exceptional advances" are made by the State; but certainly not in the state of affairs indicated by the paper. I turn to the statement on page 8: "For a difference of one per cent in the rate means that whilst its fellow-bankers are in a position to lend, the Bank of England is not in that position, and as the bank rate is the basis for bargains all over the country, its retention at a level of one per cent. above the market rate is, if avoidable, an injury to trade." Quite so, but one would like to add that, having regard to the enormous deposits in the hands of joint stock banks and private banks one feels that the Bank of England rate is every day likely to become more and more a mere bullion rate. It is to the *market* rate you will have to look as your basis for bargaining; the bank rate will more and more tend to become the storm signal for bullion—in fact will represent the intensity of the effort of the Bank of England to tighten their grip on that small cash reserve of which they are custodians. I think that is all I have to say as to the general question, but as to the specific point of the publication of the bankers' balances separately, I should like to think more over it before I express a decided opinion.

Mr. AITCHISON (in reply): Mr. Martin said he did not see how to distinguish or why there should be any distinction between bankers' balances at the Bank of England and ordinary customers' balances. Now I endeavoured to make this clear in the paper by asking the question, What would become of the bankers' balances in the banking department of the Bank of England if the State issued its own notes instead of the Bank of England? to which the answer was that they would disappear, that is, the Bank of England would have none of this money at all. And that seems to me to be one answer to the question. There is another view of it. Supposing bankers kept their own cash reserves in their own strong rooms, then again the Bank of England would not have this money. And that the Bank of England has some idea of special responsibility in this matter seems to me to be clear from the way in which it ordinarily keeps up the amount of its reserve. As I showed in the tables, the Bank of England keeps a very much larger reserve at ordinary times than any other bank. Mr. Martin also said "there appears to me to be a difficulty in distinguishing the bankers' balances;" but when the Houses of Parliament ordered a return to be made the Bank of England had no difficulty in making it, and what has been done in the past can surely be done in the future. Mr. Harvey appeared to find some difficulty in attaching value to my remarks as to the import and export of gold, but I thought I explained myself properly.

The fact that gold comes into or goes out of the country is always made a great deal of, and of course when capital is imported from a foreign country it comes ordinarily in the form of gold. Nowadays it comes over in the form of bonds to a certain extent. But the idea to be grasped is not that it is a question of gold, but that it is a question of capital, and that is what I endeavoured to explain. He said that the Bank rate tended to diverge from the market rate, and he seemed to think that it was desirable it should do so, or at any rate it was a thing we must reconcile ourselves to. But if it can be avoided I think it will be better. The Bank of England is the outlet of the country. It can feel the pulse of the demand for floating capital, whether internal or external, better than any other institution in the country, because it has the keeping of the gold. Now if by any means we can make the bank rate and the market rate bear a relation it is very desirable in my opinion to do so. As I said in the paper, the Bank of England keeps the bankers' balances because it issues the State notes, and it deals with them not as an issue department of the State but as a banking concern. By this means it at times loses the relation between what Mr. Harvey called the bullion rate and the bargain rate, but the two things I think should go together. Mr. Harvey also made another remark. He objected to, or did not see why, I called the lending any of the bankers' balances an "exceptional advance," and why the State should be said to have made an advance until the suspension of the Bank Act occurs. But my contention is that the moment the bankers' balances are lent the Bank Act of 1844 has virtually been suspended. It is perfectly true with regard to that Act that the directors of the Bank of England do not have to go to the Chancellor of the Exchequer to get it suspended, so long as any of the bankers' balances are in hand; but you see if the Bank of England did not issue the State notes—if the State note was issued anywhere else—the Bank of England would not have these balances, but would have to go to the State for a loan to enable it to make advances to the public; and my contention is that the moment the bankers' balances are lent the Bank Act of 1844 is suspended. This I think we should have clearly in our minds, and the Bank of England should recognise the fact with equal clearness. I quite agree with Mr. Harvey that the Bank of England has done its business extremely well, and I think if it treats the bankers' balances as a separate item in the accounts and that whenever it lends any part of them, it is doing what is equivalent to a suspension of the Bank Act, there is no fear of its going wrong at all.

THE ANNUAL REPORT OF THE DEPUTY MASTER OF THE MINT, 1884.

THE fifteenth Annual Report of the Deputy Master of the Mint, recently issued, contains as usual much matter that is of great interest to bankers, an interest that is enhanced by the deplorably defective condition into which our gold coinage has fallen.

The operations of the year are summed up as follows :—

“The gold coinage of the year consisted of both sovereigns and half-sovereigns, of the value of £2,336,513, as against £1,435,228, consisting entirely of half-sovereigns, in 1883. Of the gold bullion imported into the Mint for coinage, bars of the value of £220,982 belonged to a private firm, and were coined into sovereigns. The remainder was sent in, in the usual way, by the Bank of England, and consisted entirely of gold coin withdrawn from circulation as no longer legally current. The amount of light coin thus sent in was £973,437, as against £3,445,968 in 1883, but it is to be observed that the latter amount represented the accumulations of light sovereigns and half-sovereigns in the Bank during the years 1881 and 1882, in which there was no gold coinage.”

The coinage of sovereigns appears to have been stimulated by the failure of the usual supply from the Australian Mints, which is explained in detail as follows :—

“In one respect the year 1884 showed a marked contrast to the nine years which preceded it. It will be seen from my last Report that the average amount of sovereigns from the Australian Branches of the Mint received by the Bank of England during each year from 1875 to 1883 inclusive was nearly £2,500,000. In 1884, however, the importations of Australian coin amounted to £284,040 only, or hardly more than one-tenth of the average amount. The immediate cause of this decrease is to be found in the number and amount of the loans raised in London by the Australian Colonies, and the consequent shipment from this country to Australia of sovereigns far exceeding in value the shipments both of bar gold and coin from the other side. To this may be added that the Australian banks, finding their reserves very low, in consequence of the large advances made to wool merchants and growers in the previous year, thought it necessary to strengthen their position by the remittance of gold from this country.”

The coinage of silver took place to the following extent :—

“The nominal value of the silver coinage executed during the year was £664,433, and the amount issued was £681,863. Of this amount £485,300 was delivered to the Bank of England, and £20,000 to the Bank of Ireland, £146,515 was sent to the Colonies, £8,600 was shipped for the use of Treasury chests abroad, and

£21,250 was supplied in threepences direct to banks and private applicants. The balance consisted of the usual amount of Royal "Maundy" moneys annually issued.

"The average market price at which silver bullion was purchased by the Mint for coinage during the year was 50½*d.* per ounce, as against 50¾*d.* in 1883 and 51½*d.* in 1882. The rate at which silver coin is issued by the Mint being 66*d.* per ounce, it follows that the seignorage which accrued to the State in 1884 was at the rate of 15½*d.* per ounce, or nearly 30½ per cent., as against 30 per cent. in 1883 and 28 per cent. in 1882. This rate of seignorage is the highest attained in any year except 1878, when the price of silver touched its lowest point.

"The General Account of the profit and loss on the transactions of the Mint in 1884 shows that the net profit realised amounted to the large sum of £87,700. The net profit in 1883, £135,713, was the largest realised in any year since 1872, when this Account was first compiled, but in no other year have the operations of the Department shown so satisfactory a result as in 1884. The following table gives the excess of receipts over expenditure, or of expenditure over receipts, in each year from 1872 to 1884, including in the expenditure all the expenses incurred by other Departments on behalf of the Mint, and also the charge for interest on the average debt due by the Mint to the Exchequer during each year on the sums advanced from the Consolidated Fund for the purchase of bullion for coinage. It will be seen that the net profit on the work of the Department during this period has been £299,550, or an average of £23,000 a year, but that, while in eight of the thirteen years there has been a profit, in the remaining five, notwithstanding the large amount of seignorage which has accrued on the coinage of silver and bronze, the Mint has not been a source of profit, but of loss, to the State:—

| Year. | Excess of | |
|-------|-------------------------|-------------------------|
| | Receipts over Expenses. | Expenses over Receipts. |
| | £ | £ |
| 1872 | 78,799 | — |
| 1873 | 27,925 | — |
| 1874 | 12,077 | — |
| 1875 | 65,052 | — |
| 1876 | — | 34,595 |
| 1877 | 19,542 | — |
| 1878 | — | 61,594 |
| 1879 | — | 40,781 |
| 1880 | — | 21,534 |
| 1881 | 77,210 | — |
| 1882 | — | 46,004 |
| 1883 | 135,713 | — |
| 1884 | 87,710 | — |
| Total | 504,028 | 204,508 |

"The seignorage on the coinage of silver, £91,870, was, as usual, the principal item in the profits of the year, but the receipts were increased to a much greater degree than in former years by the profit on the coinage of bronze, which amounted to no less than £72,000."

With regard to the average price of silver, the following remarks are made :—

"Although in the month of December the price fell to $49\frac{1}{4}d.$ per ounce, which is the lowest quotation since 1879, the average price of the year was $50\frac{1}{8}d.$ or $\frac{2}{8}d.$ higher than the average of 1883, and about $1d.$ lower than that of 1882. The average price at which silver bullion was purchased by the Mint for coinage in 1884 was $50\frac{1}{2}d.$, and these purchases, therefore, which amounted to £299,000, were made at a rate $\frac{3}{8}d.$ per ounce lower than the average price in the market."

The work of the Australian Mints is summarised as follows :—

"The coinage of the Sydney Branch of the Mint in 1884 consisted of £1,595,000 all in sovereigns, as against £1,218,000 in sovereigns and half-sovereigns struck in 1883, and the gold received for coinage exceeded by more than 100,000 ounces the amount sent in during the previous year. The principal increase of gold was from Queensland and South Australia, while the New South Wales gold-fields were less productive than usual. New silver coin of the nominal value of £46,200 was issued during the year by the Sydney Mint on account of this Department, as against £39,600 in 1883, and bronze coin of the nominal value of £1,765, as against £1,950 in the previous year. The light gold coin withdrawn from circulation, under the Colonial Regulations of 1875, at the rate of £3 17s. 10 $\frac{1}{2}d.$ per ounce, amounted to £75,419, or nearly the same sum as in the previous year, and the withdrawals of worn silver coin were £4,085, as against £6,577 13s. in 1883.

"The coinage executed at the Melbourne Mint during the year 1884 was of the value of £2,966,000, and consisted of £2,942,000 in sovereigns, and £24,000 in half-sovereigns, as against £2,050,000 all in sovereigns, in 1883, notwithstanding that the production of gold in Victoria is estimated to have been less by 1,842 ounces than that of the previous year. The amount of new silver coin issued during the year was only £7,705, while worn coin of the nominal value of £9,483 was withdrawn from circulation. Bronze coin of the nominal value of £1,600 was issued during the year."

Of foreign Mints, those of the United States have at present, both as regards gold and silver coinage, the greatest interest for us. Their operations are recorded thus :—

"The gold coinage of the United States during the fiscal year ended the 30th of June, 1884, as shown in the Report of the Director of the Mint, was about eight million dollars less than in the preceding

year. This decrease was partly caused by a diminished receipt of gold at the San Francisco Mint, where the greater part of the gold coinage was executed, and partly by the small amount of the gold coined at the Mint at Philadelphia, which was principally occupied in the coinage of silver and minor pieces. The total coinage of the year at the three Mints of Philadelphia, Carson, and New Orleans, was as follows :—

| Denomination. | Pieces. | Value (Dollars). |
|------------------------|------------|------------------|
| GOLD— | | |
| Double-eagles | 1,188,295 | 23,765,900-00 |
| Eagles | 203,304 | 2,033,040-00 |
| Half-eagles | 423,204 | 2,116,020-00 |
| Three-dollars | 985 | 2,955-00 |
| Quarter-eagles | 1,972 | 4,930-00 |
| Dollars | 9,979 | 9,979-00 |
| | 1,827,739 | 27,932,824-00 |
| SILVER— | | |
| Dollars | 28,099,930 | 28,099,930-00 |
| Half-dollars | 8,930 | 4,465-00 |
| Quarter-dollars | 15,330 | 3,832-50 |
| Dimes | 6,651,603 | 665,160-30 |
| | 34,775,793 | 28,773,387-80 |
| MINOR— | | |
| Five Cents | 15,374,905 | 768,745-25 |
| Three Cents | 8,162 | 244-86 |
| One Cent | 40,571,962 | 405,719-62 |
| | 55,955,029 | 1,174,709-73 |

“The total number of standard silver dollars struck under the Act of 1878, which directs that not less than two million dollars’ worth of silver shall be coined into dollars every month, was \$28,099,930. As mentioned in my last report, the slight demand for these coins in the Pacific States and Territories makes it desirable that the larger part of the coinage should be executed at Philadelphia and New Orleans, in which mints \$22,135,930 were struck during the year. The following table shows the coinage, movement and circulation of standard silver dollars, at the end of each half-year from the 1st of July, 1883, to the 30th of June, 1884, and for the quarter ended the 30th of September, 1884 :—

| Date. | Total Coinage. | In the Treasury. | | | In Circulation. |
|----------------|----------------|---|-------------------|-------------|-----------------|
| | | Held for Payment of certificates outstanding. | For Distribution. | Total. | |
| | \$ | \$ | \$ | \$ | \$ |
| July 1, 1888 | 147,255,899 | 72,620,686 | 39,293,333 | 111,914,019 | 35,341,880 |
| Dec. 31, 1883 | 161,425,119 | 96,717,721 | 22,731,664 | 119,449,385 | 41,975,734 |
| June 30, 1884 | 175,355,829 | 96,427,011 | 39,133,905 | 135,560,916 | 39,794,913 |
| Sept. 30, 1884 | 182,380,829 | 115,289,317 | 26,769,470 | 142,058,787 | 40,322,042 |

"It will be seen that during the fifteen months under review, while the increase in the total coinage of silver dollars was \$35,124,930, and in the amount held by the Treasury \$30,144,768, the amount in circulation was only increased by \$4,980,162. In these circumstances it is hardly necessary to say that the wisdom of suspending the coinage of the silver dollar has again been urged in the press and in congress, and Bills with that object have been introduced by individual members both in the Senate and House of Representatives."

The following passage explains the present position of the Latin Monetary Convention :—

"The terms of the 'Latin' Monetary Convention, which has existed since 1865, and was renewed for a period of five years from the 1st of January, 1880, provided that, after the end of 1884, the agreement should remain in force from year to year until one of the Powers should demand its reconsideration. Before the expiration of the stipulated time, however, all the States concerned had denounced the Convention, in order to secure their own liberty of action, and a Conference of Delegates, summoned before the close of the year to consider the conditions on which the Union might be renewed, was successively postponed till January and May, 1885. It is uncertain, therefore, at present whether the Convention will be renewed or not."

The Report concludes with a passage to which few English bankers will take exception :—

"I regret not to be able to include in my record of the events of the past year any announcement that the question of the withdrawal of light gold coin from circulation has received a settlement. My last Report described the provisions of the Bill brought in by Her Majesty's Government, and read a first time in the House of Commons in May, 1884, for restoring and maintaining the integrity of the sovereign coinage, and for substituting for the half-sovereign a ten-shilling piece containing one-tenth less fine gold; and it might have been hoped that the opinion of Parliament would be taken on the proposal made. Owing, however, to the general withdrawal of Government measures which took place in the month of July, the Bill was not proceeded with last session, nor has it been re-introduced this year. The matter, therefore, has for the present made no

progress, but several Returns were in the course of the session ordered by the House of Commons, which elucidate points connected with the gold coinage, and among them one showing the Mint-charge on the manufacture of gold coins in the principal States of Europe. This Return, as giving information not easily accessible, is printed in the Appendix."

The Appendix to the Report contains, as usual, much matter of great interest. Special attention may be called to the recorded results of experiments as to the comparative wear and tear of coins composed of different metals and alloys, by Mr. R. A. Hill, Superintendent of the Operative Department, and Mr. W. Chandler Roberts, F.R.S., Chemist of the Mint. These experiments are in continuation of those instituted in 1883, the *modus operandi* being as follows:—

"Coins were made to revolve in a cylindrical drum 5 inches in diameter and 6 inches long, attached to the mandril of a lathe, the axis of the drum corresponding to the axis of revolution. The coins, which were of the dimensions of a sovereign, were all struck from sovereign dies. Fifty coins were, in each experiment, placed in the drum, and revolved at the rate of 80 revolutions per minute, or 62,400 revolutions in the usual period of 13 hours during which each operation continued."

These experiments, begun in 1883 on coins of gold of various degrees of fineness, from "fine" to .900, of silver, bronze, nickel, aluminium, and lead, were continued in 1884 on coins of soft steel, hardened steel, and coins of soft and hardened steel subjected to trial in combination with coins of silver of standard .925. Similar experiments had been made, as long ago as 1798, when the Privy Council appointed a Committee, of which Lord Liverpool was President, "to take into consideration the state of the coins of the Realm." The experiments conducted by Mr. Henry Cavendish, F.R.S., and Mr. Charles Hatchett, F.R.S., under the direction of this Committee, were followed up by those of Professor Stanley Jevons in 1858. Those of Mr. Hill and Mr. Chandler Roberts—to the latter of whom the Institute has been indebted for a very interesting paper during the past session—leave little to be done in the future. It may be noted that, not unnaturally, the greatest abrasion takes place at first; that is, as has been ascertained in other ways by Professor Jevons and Mr. J. B. Martin, new coins wear faster than old.

The banking community is indebted to the authorities of the Mint, not only for the accuracy with which their highly important functions are discharged, but for the care with which these experiments have been conducted. The Mint issues to the public through the Bank of England coins whose accuracy in respect of weight and fineness is almost ideal, and places us in possession of information of data as to the rapidity with which these coins may be expected to wear out. All will join in the regret expressed by the Deputy-Master of the Mint that the restoration of the coinage from its present lamentable condition "has for the present made no progress."

CUSTOMS AND INLAND REVENUE BILL, 1885.

THIS Bill contains provisions for further securing income tax on foreign and colonial dividends, which have not been inserted in any previous similar Act, and which will entail novel but not very onerous duties on bankers.

It is usual that the Act passed on each occasion when the income tax is renewed should enact that the tax shall be charged in respect of the property, profits, and gains described in the Act 16 and 17 Vict., c. 34, and that all provisions contained in any Act relating to income tax that were in force at the commencement of the financial year shall be continued and be applicable to the tax granted under the Act, as far as they shall be consistent with its provisions.

The majority of these provisions are contained in the Acts 5 and 6 Vict., c. 35 and c. 80; 16 and 17 Vict., c. 34; and 24 and 25 Vict., c. 36. Under the provisions in these Acts the properties, profits and gains liable to tax are described and defined in detail, and are classified as follows:—

- 1.—Under Schedule A, those in respect of property in lands, tenements, &c.
- 2.—Under Schedule B, those in respect of the occupation of lands, tenements, &c.
- 3.—Under Schedule C, those in respect of profits arising from interest, annuities and dividends payable out of any public revenue.
- 4.—Under Schedule D, those in respect of the annual profits arising from any kind of property whatever, or from any profession, trade or employment carried on in the United Kingdom, or elsewhere, and accruing to any person residing in the United Kingdom; and of the annual profits accruing to any person, whether a subject of Her Majesty or not, although not resident in the United Kingdom, from any property whatever in, or any profession, trade or employment exercised in the United Kingdom; and of all interest of money, annuities and other profits not charged under any other Schedule.
- 5.—Under Schedule E, those in respect of salaries, annuities and pensions payable by Her Majesty, or out of the public revenue of the United Kingdom, except annuities charged under Schedule C.

Detailed rules and regulations for the assessment and collection of the tax chargeable under each Schedule are prescribed in these Acts, and penalties for the non-observance thereof are imposed.

The provisions which clause 42 of the Bill refers to and extends are as follows:—

Act 5 and 6 Vict., cap. 35, sec. 96.

“And be it enacted, That every person (other than the Governor and Company of the Bank of England, the Directors of the East India Company, and the Commissioners for the Reduction of the National Debt,) intrusted with the Payment of Annuities, or any Dividends or Shares of Annuities, payable out of the public Revenue of any Colony or Settlement belonging to the Crown of the United Kingdom, to any Persons, Corporations, or Companies in Great Britain, or acting therein as Agent, or in any other character before described, shall, without further notice or demand thereof, deliver or cause to be delivered into the Head Office for Stamps and Taxes in England an Account in writing containing their names and residences, and a description of the Annuities, Dividends and Shares intrusted to them for Payment, within one calendar month after the same shall have been required by public notice in the *London Gazette*, and shall also, on demand by the Inspector authorized for that purpose by the Commissioners of Stamps and Taxes, deliver or cause to be delivered to him, for the use of the said Commissioners for Special Purposes, true and perfect accounts of the amount of Annuities, Dividends and Shares payable by them respectively; and the said Commissioners for Special Purposes shall make an assessment thereon under Schedule (C) at the Rate before prescribed, subject to diminution on occasion of any exemptions to be allowed by the said Commissioners for Special Purposes, giving notice of the amount thereof to the respective persons intrusted with such last mentioned Payments, who shall respectively pay the Duty on the said Annuities, Dividends and Shares, on behalf of the Persons, Corporations and Companies entitled unto the same, out of the moneys in their hands; and they shall be acquitted of such Payments in like manner, and the like proceedings in all respects shall be had under the said Commissioners for Special Purposes, as are before directed in respect of Annuities payable out of the Public Revenue of the United Kingdom. Provided always, that the persons intrusted with such payment shall from time to time pay the Duty so assessed thereon into the Bank of England, to the account to be kept at the Bank of England as aforesaid, with the Receiver General of Stamps and Taxes, and shall be answerable for such payment, and which Duty so assessed shall, in default of such Payment, be recoverable against the persons respectively intrusted with such Payments as other Duties charged on the parties may be recovered against them; and if any person intrusted with the Payment of any such last mentioned Annuities, or any Dividends or Shares thereof, in the manner herein mentioned, or acting therein as Agent, or in any other character herein described, shall neglect or refuse to deliver an account of his name and residence in the manner herein directed, or, after demand, shall neglect or refuse to deliver an account as aforesaid of the amount of such Annuities, Dividends and Shares as he is intrusted with the payment of, or in the payment of which he shall act as Agent, or in any other character herein described, he shall forfeit the sum of one hundred pounds over and above the Duty chargeable on such Annuities, Shares or Dividends.”

Act 5 and 6 Vict., cap. 80, sec. 2.

“And whereas by an Act passed in the present Session of Parliament for granting to her Majesty Duties on Profits arising from Property, Professions, Trades, and Offices, it is enacted, that the Commissioners for Special purposes in the said Act mentioned shall be Commissioners, under the Regulations of the said Act, for the purpose of assessing and charging the Duties thereby made payable on all dividends and Shares of Annuities payable out of the Revenue of any Foreign State to any Persons, Corporations, Companies, or Societies in Great Britain, which shall have been or shall be intrusted for such Payment to any Person, Corporation, Company, or Society whatever in Great Britain, other than and except the several Companies in the said last-recited Act mentioned, and which Assessments are thereby directed to be made under and subject to the

Rules, Regulations, and Exemptions contained in Schedule (C) of the same Act: And whereas it is expedient to provide more effectually for carrying into execution the Powers and Provisions of the said Act, so far as the same relate to the assessing and charging of the said duties on such Dividends and Shares of Annuities as aforesaid; be it therefore enacted, That all Persons intrusted with the Payment of Annuities, or any Dividends or Shares of Annuities, payable out of the Revenue of any Foreign State to any Persons, Corporations, Companies or Societies in Great Britain, or acting therein as Agents or in any other character shall, without further Notice or Demand thereof, deliver or cause to be delivered, into the Head Office for Stamps and Taxes in England an Account in writing containing their Names and Residences, and a Description of the Annuities, Dividends, and Shares intrusted to them for Payment, within One Calendar Month after the same shall have been required by Public Notice in the London Gazette, and shall also, on Demand by the Inspector authorised for that Purpose by the Commissioners of Stamps and Taxes, deliver or cause to be delivered to him, for the Use of the said Commissioners for Special Purposes, true and perfect Accounts of the Amount of Annuities, Dividends, and Shares payable by them respectively; and the said Commissioners for Special Purposes shall make an Assessment thereon under Schedule (C) of the said last-recited Act, at the Rate therein prescribed, subject to Diminution on occasion of any Exemptions to be allowed by the said Commissioners for Special Purposes, giving Notice of the Amount of such Assessments to the respective Persons interested with such Payments, who shall respectively pay the Duty on the said Annuities, Dividends, and Shares on behalf of the Persons, Corporations and Companies entitled unto the same, out of the Moneys in their Hands, and they shall be acquitted of such Payments in like Manner, and the like Proceedings in all respects shall be had under the said Commissioners for Special Purposes, as are by the said last-recited Act directed in respect of Annuities payable out of the Public Revenue of the United Kingdom: Provided always that the persons interested with such payment shall from time to time pay the Duty so assessed thereon into the Bank of England, to the Account to be kept at the Bank of England, with the Receiver General of Stamps and Taxes, as directed by the said Act, and shall be answerable for such Payment, and which Duty so assessed shall, in default of such Payment, be recoverable against the Persons respectively intrusted with such Payments, as other Duties charged on the Parties may be recovered against them; and if any Person intrusted with the Payment of any such last-mentioned Annuities, or any Dividends or Shares thereof, in the Manner herein mentioned, or acting therein as Agent or in any other character, shall neglect or refuse to deliver an Account of his Name and Residence in the Manner herein directed, or, after Demand shall neglect or refuse to deliver an Account as aforesaid of the Amount of such Annuities, Dividends, and Shares as he is intrusted with the Payment of, or in the payment of which he shall act as Agent or in any other character, he shall forfeit the sum of One hundred Pounds, over and above the Duty chargeable on such Annuities, Shares, or dividends."

16 and 17 Vict., cap. 34, sec. 10.

"The provision made by the Act passed in the said Session of the fifth and sixth years of Her Majesty, Chapter Eighty, Section Two, for the assessing and charging the Duties on Dividends and Shares of Annuities payable out of the Revenue of any Foreign State, shall be and the same is hereby extended to the assessing and charging of the Duties granted by this Act, as well on such Dividends and Shares of Annuities as aforesaid as on all Interest, Dividends or other annual payments payable out of or in respect of the Stocks, Funds or Shares of any Foreign Company, Society, Adventure or Concern, or in respect of any Securities given by or on account of any such Company, Society, Adventure or Concern, and which said Interest, Dividends or Annual Payments have been or shall be entrusted to any person in the United Kingdom for Payment to any Persons, Corporations, Companies or Societies in the United Kingdom, and all

persons entrusted with the payment of any such Interest, Dividends, or other Annual Payments as aforesaid in the United Kingdom, or acting therein as Agents or in any other character, shall and they are hereby required to do and perform all such Acts, and Matters and Things, in order to the assessing and charging and paying of the said Duties on all such Interest, Dividends, or other Annual Payments as aforesaid, and under and subject to the like penalty or other liability for any neglect, refusal or default in that behalf, as by the said Act of the fifth and sixth years of Her Majesty, Chapter Eighty, persons intrusted with the payment of Annuities or any Dividends or Shares of Annuities are required to do and perform, or are subject or liable to or for any similar neglect, refusal or default; and the Assessments of the Duties on all such Interest, Dividends and other Annual Payments as aforesaid, shall be made by the Commissioners for Special Purposes under Schedule (D.) of this Act, and the said Commissioners shall do and perform all such Acts, Matters and Things in relation to such Assessments as by the said Act, Chapter Eighty, they are required to do or perform in relation to any Assessment under the said last-mentioned Act."

Act 24 and 25 Vict., cap. 91, sec. 36.

"The provision made by the Act passed in the Fifth and Sixth Years of Her Majesty's Reign, Chapter Eighty, Section Two, and the Act passed in the Sixteenth and Seventeenth Years of Her Majesty's Reign, Chapter Thirty-four, Section Ten, for the assessing and charging the Income Tax on Interest, Dividends, or other annual payments payable out of or in respect of the Stocks, Funds, or Shares of any Foreign Company, Society, Adventure or concern shall be and the same is hereby extended and shall be applied to the assessing and charging of the Income Tax on all Interest, Dividends or other annual Payments payable out of or in respect of the Stocks, Funds, or Shares of any Colonial Company, Society, Adventure or Concern, and in respect of any Securities given by or on account of any such Colonial Company, Society, Adventure, or concern, and which said Interest, Dividends or Annual Payments have been or shall be intrusted to any Person in the United Kingdom for Payment to any Persons, Corporations, Companies, or Societies in the United Kingdom; and for this purpose the said Section Ten of the last-mentioned Act and this Enactment shall be read and construed together as one Enactment in like Manner as if the Words 'or Colonial' had been inserted and contained in the said Section Ten immediately after the Word 'Foreign' used therein with reference to any Company, Society, Adventure, or Concern."

In the Bill under consideration it is proposed to enact as follows:—

Clause 42.

"Whereas the enactments herein-after mentioned have been found inadequate to secure the charging and payment of income tax upon dividends payable out of the revenues of foreign and colonial states and dividends of foreign and colonial companies, be it therefore enacted that section ninety-six of the Act of the fifth and sixth years of Her Majesty's reign, chapter thirty-five, section two of the Act of the fifth and sixth years of Her Majesty's reign, chapter eighty, section ten of the said Act of the sixteenth and seventeenth years of Her Majesty's reign, chapter thirty-four, and section thirty-six of the Act of the twenty-fourth and twenty-fifth years of Her Majesty's reign, chapter ninety-one, shall be read in relation to the dividends therein respectively mentioned, as if the said sections included amongst the persons entrusted with the payments of such dividends the persons hereinafter described; (that is to say)

- (a) Any banker or person acting as a banker who shall sell coupons for any dividends (save such as are payable in the United Kingdom only), and pay over the proceeds of sale to any person or carry the same to his account;
- (b) Any person who shall by means of coupons received from any other person, or otherwise on his behalf, obtain payment of any dividends elsewhere than in the United Kingdom;
- (c) Any dealer in coupons who shall purchase coupons for any dividends (save such as are payable in the United Kingdom only) otherwise than from a banker, or person acting as a banker, or another dealer in coupons."

The intention of this clause therefore is to constitute bankers, and dealers in coupons, agents for the collection of income tax on the interest and dividends on foreign and colonial stocks, shares, &c., payable elsewhere than in the United Kingdom. As such agents they will presumably be entitled to poundage on the amount of tax they collect, and will be liable to the penalties imposed for non-observance of the provisions of the statutes.

The clause, as drafted in the Bill, would appear to apply exclusively to interest and dividends receivable by coupons, but it will probably be amended during the passage of the Bill through Parliament, so as to make it applicable to interest and dividends received otherwise,—i.e. by dividend warrants transmitted from abroad or by bills of exchange.

ASSAYS.

IN accordance of the suggestion made by him on the occasion of his reading his paper on this subject before the Institute at the London Institution, Professor W. Chandler Roberts, F.R.S., gave a demonstration at the Royal School of Mines, South Kensington, before the Members of the Institute, of assays of gold and metals generally. The appliances at command at the School of Mines enabled the experiments to be carried out in a far more satisfactory manner than would have been possible at the London Institution, and they proved of great interest to the considerable number of Members who attended. The Professor dwelt especially on that aspect of the subject which directly affects the public, because the reports of assays were generally the main features of the prospectuses of mining and metallurgical operations, and it was therefore important that assay reports should be clearly intelligible to those to whom such prospectuses appeal, and whose capital might be at stake.

The Institute is much indebted to Professor Roberts for the trouble he has taken in the matter.

SUBJECT AND CONDITIONS FOR PRIZE ESSAY.

SESSION 1885-6.



THE following is the title of the Essay to which a First Prize of £20 and a Second Prize of £10 will be awarded at the May meeting of the Institute, 1886. The Essays must be lodged with the Secretary on or before the 1st January, 1886 :—

“THE EFFECT ON COMMERCE OF THE LAW OF LIMITED LIABILITY.”

The following are the conditions :—

Each Essay to bear a motto, and be accompanied by a sealed letter, marked with the like motto, and containing the name and address of the author ; such letter not to be opened, except in the case of the successful Essay.

No Essay to exceed in length 30 pages (8vo.) of this publication, and distinct references should be made to such authorities as may be quoted or referred to.

The Council shall, if they see fit, cause the successful Essays, or abridgments thereof, to be read at a meeting of the Institute of Bankers, and shall have the right of publishing the Essays in their *Journal* one month before their appearance in any separate independent form ; this right of publication to continue till six months after the award of Prizes.

Competition for the above Prizes will be open to Fellows, Associates, and Members of the Institute of Bankers.

The Council shall not award the Prizes, except to the authors of Essays, in their opinion, of a sufficient standard of merit.

The Essays must be legibly written, and on one side of the paper only.

If further explanation is required, it may be obtained from the Secretary, at the Offices of the Institute, 2, S. Michael's House, E.C.

June, 1885.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

The Holy Bible, containing the Old and New Testaments.

Revised Version. Oxford and Cambridge, 1885.

At first sight it may seem somewhat incongruous that any edition of the Bible should be noticed in a Journal devoted especially to the discussion of matters connected with money and its employment. On consideration, however, it is soon seen that as the business of to-day is the necessary offspring and result of yesterday, so the gradual evolution of our present monetary systems may be traced back step by step even to the time of Abraham; and that in the Old Testament, as well as in the New, may be recognised the rude infancy of modern banking and modern coinage. It will be, therefore, not without a certain appropriateness to compare the New Version of the Bible with the Old, and note the changes, if any, which may have been made in those passages of Holy Writ in which the precious metals, coined or uncoined, are mentioned.

In the time of Abraham all that was wanted, either in the family or tribe, had to be obtained by barter. It is recorded (Gen. xiii., 2) that he was "very rich in cattle, in silver, and in gold"; and these were the three chief commodities in which, at that early period (2000 years B.C.) a chief could become rich, and which were most easily exchanged for other possessions. Gold and silver were chiefly valued for their use in household and personal ornamentation, and for these uses were treasured as bullion. An important instance of bullion being put to the same use as modern money was when the Patriarch, anxious to procure a fitting burial-place for his wife, purchased of Ephron the Hittite the Cave of Machpelah for 400 shekels of silver, "current with the merchant." In both Old and New Versions the word "money" is added—"current *money*,"—but the "money" was an accepted weight of bullion, not coined; and in whatever shape the silver bullion may have been it weighed in bulk 400 shekels. Again, in Gen. xxxiii., 19, Jacob bought a plot of land "for a hundred pieces of money." The word "*kesitah*," which is translated "*pieces*," does not occur in the previous passages, being used here for the first time. Both versions use the same word, but all the old interpreters (see "*Money*," in Smith's Dictionary) translate it "*lambs*"—a hundred *lambs* of money—meaning 100 pieces of silver in the shape of, and about equal in value to, a lamb. Cattle seem to have been the original standard of value, and this view is strongly supported by the obvious connection of *pecus*, cattle, with *pecunia*, money. In barter it would be very convenient to have standard values of an ox or a sheep represented by an acknowledged weight of silver, and in the woodcut here copied from "*Madden's Jewish Coinage*" it seems to have been the case, for in one scale is seen a weight shaped like an ox, with a

handle for convenience in lifting, and an Egyptian, probably a bullion dealer, placing in the other scale various rings of silver, which would



(Egyptian Banker, about 2000 B.C.)

then represent the value of a live ox. In the vessel on the ground are other weights, shaped like an ox and sheep.

Joseph's brethren sold him for "twenty of silver," meaning perhaps the value of 20 oxen, and when in after years, as Governor of Egypt, Joseph returned into their sacks the money his brethren had brought with them to purchase food, it was done by weight. (Gen. xliii., 21). Centuries later, after the Exodus, bullion by weight was still the only money, the shekel and half-shekel being uncoined weights of metal. In the time of Joshua the shekel was still a weight, as mention is made of "two hundred shekels of silver and a wedge of gold of 50 shekels weight." The original is a "tongue of gold," but here again the revisers have not thought fit to alter the translation, although they give the alternative word in the margin. Money in the proper sense of the word, *i.e.*, "small pieces of bullion stamped by authority," is mentioned in the Bible for the first time when Ezra collected the offerings of the Jews. Here an important change is made in the translation by the revisers:—

OLD VERSION.

Ezra ii., 69.—"They gave unto the treasure of the work threescore and one thousand drams of gold."

NEW VERSION.

Ezra ii., 69.—"They gave into the treasury of the work threescore and one thousand darics of gold."

The daric instead of the drachm is also mentioned in the following passages:—

OLD VERSION.

Ezra vii., 26, 27.—"I even weighed unto their hand * * twenty basons of gold of a thousand drams, and two vessels of fine copper, precious as gold."

Neh. vii., 72.—"Twenty thousand drams of gold."

NEW VERSION.

Ezra vii., 26, 27.—"I even weighed into their hand * * twenty bowls of gold of a thousand darics, and two vessels of fine bright brass, precious as gold."

Neh. vii., 72.—"Twenty thousand darics of gold."

These "darics" are the well known gold coins of Darius the Persian King, who took Babylon. They were in common use in Palestine under Cyrus, and specimens are still extant.

It is greatly to the credit, and speaks well for the accuracy of the Old Version, that our modern revisers have found so little to need alteration in the passages of the Old Testament where money is mentioned.

In the New Testament Version issued five years ago, few changes have been made, of which the following is perhaps the most interesting from the present point of view :—

OLD VERSION.

Matt. xxv., 27.—"Thou oughtest therefore to have put my money to the exchangers, and then at my coming I should have received my own with usury."

NEW VERSION.

Matt. xxv., 27.—"Thou oughtest therefore to have put my money to the bankers, and at my coming I should have received mine own with interest."

The word "bankers" is a novelty in the sacred text ; although in St. Luke there is in the corresponding text, "Wherefore gavest thou not my money into the bank." The strong command against the Jew taking any interest from a brother Jew was frequently broken in the later periods of Jewish history, and the money-changers were probably driven out of the Temple for this very sin, but a Jew might always lend to a heathen on interest. The word "interest" for "usury" seems a good change ; "usury" has a sordid meaning ; but the unfaithful Jewish servant might very well have lent the money with which he was entrusted to a Gentile money-changer, or banker, at the customary rate of interest. In other instances where the words "talents," "penny," "farthing," and "mite" are used, the revised edition makes no change.

*Bankers and Merchants' Map of Ireland.**

UNDER this title Mr. Ferdinand Lochrane, a Fellow of the Institute, has published a map of Ireland, showing by indicative colours every branch and sub-branch of the Irish Banks, with a reference Index giving the population for 1841, 1861, and 1881, of all towns having bank offices. A glance at the map shows clearly the amount of banking accommodation in the various parts of the country, while distinctive colours indicate which of the banks are represented, the distances between the towns being also marked. It is accompanied by some useful information relating to the Irish Banks, their capital, circulation, &c., and by tables of income tax, interest, rates and prices. The map appears to be very accurate, and gives evidence of considerable ingenuity and care.

* Dublin.—M. H. Gill & Son.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Receipt on back of Cheque—Stamp Duty.

QUESTION 338.—By 55 Geo. III., c. 184, and 33 & 34 Vict., c. 97, Schedule Title Receipts, “A receipt on a duly stamped cheque does not require an additional stamp.” Therefore, is a banker justified in paying a cheque on himself, disregarding a notice on the back saying the cheque will not be paid unless the receipt *on the back* is stamped?

ANSWER : If the notice placed on the back of the cheque emanates from the drawer, we think it is an instruction from the customer to his banker, and should not be disregarded by the latter.

Endorsement—Custom.

QUESTION 339.—By *Bills of Exchange Act*, 1882, a cheque on which the “only or last endorsement is in blank,” is payable to bearer. Is it customary for bankers to examine subsequent endorsements of a cheque payable to order after it has been discharged by the payee’s endorsement?

ANSWER : Under the *Bills of Exchange Act*, 82, sec. 8, it is necessary to examine such endorsements.

Remitting to Branch Bank—Notice—Damages.

QUESTION 340.—A. B. has an account with a bank at York, and has the facility for paying in money for his credit there at the bank’s branch at Leeds (or any other branch). In the event of Leeds branch omitting to advise the York bank of a payment, A. B., assuming that the amount is placed to his account at York in due course, issues cheques against it, which are dishonoured. Would the bank be liable to A. B. for damages?

ANSWER : Yes.

Foreign Bill—Noting.

QUESTION 341.—Does a foreign bill drawn after date, and bearing the words "Presentable at maturity" at the top left corner, require to be noted, if acceptance is declined with the answer that it is payable without acceptance.

ANSWER : Such bill must be noted.

Per pro Endorsement.

QUESTION 342.—Would a banker be justified in returning a cheque, forwarded to him for collection by another banker, made payable to "Messrs. Smith, Williams & Co., or order," and endorsed :—

Smith, Williams & Co.,
p.p. John Jones,
instead of p.p. Smith, Williams & Co.,
John Jones.

ANSWER : The latter is undoubtedly the more usual form of endorsement, but in practice the former is often not objected to.

Holding over Cash Order—Banker's Duty.

QUESTION 343.—A cash order on demand, drawn in France in francs, is remitted by a London banker to a country town for collection, reaching the banker there by first postal delivery. In the evening of that day he sends a post-card acknowledging receipt, and quoting a sterling amount. At the close of business on the following or second day he returns the article unpaid. Was the country banker justified in holding over the cash order until second day without advice to remitter to that effect ? And was not his acknowledgment under such circumstances (quoting sterling amount) misleading ?

ANSWER.—The country banker was quite justified in holding over the draft in question till the next day after receipt by him, but the acknowledgment of such receipt, with the sterling amount of the draft mentioned, might be misleading unless it were customary between the two banks to acknowledge immediately the receipt of all remittances without reference to their being encashed.

Stamp on Cheques of Rural Sanitary Authority.

QUESTION 344.—Are the cheques drawn by Guardians acting as the Rural Sanitary Authority liable to stamp duty?

ANSWER : Yes.

Stolen Cheques.

QUESTION 345.—A cheque on a London bank, crossed generally, and payable to order, is endorsed by payee, and paid away to a person who loses it, or has it stolen from him. The endorsement of the rightful owner is forged on the cheque, which is then taken to a country bank, by whom it is exchanged to the bearer, and it is duly honoured by the bank drawn upon. The exchanging bank does not know, and can give no information, for whom they cashed the cheque. Has the rightful owner good ground to bring an action against the exchanging bank to recover the amount of cheque?

ANSWER : The rightful owner can sue the exchanging bank.

Bill of Exchange—Acceptance by Married Women.

QUESTION 346.—A bill drawn on *Mrs. J. B. Smith* is accepted "*S. L. Smith.*" Is this a valid acceptance?

ANSWER ; Not unless she adds "wife (or widow, as the case may be) of *J. B. Smith.*"

Bill of Exchange—Acceptance on back.

QUESTION 347.—Is an acceptance on the back of a bill a valid acceptance?

ANSWER : It is.

EXAMINATION PAPERS—MAY, 1883.*

I.—PRACTICAL BANKING.*Preliminary Paper.*

- 1.—What do you understand by the term "Banking?"
 - 2.—Describe shortly the various classes of banks.
 - 3.—What banks in the United Kingdom are required by law to have a Government licence to carry on their business?
 - 4.—What is meant by a "Cash Credit?"
 - 5.—What is a restrictive endorsement?
 - 6.—What do you understand by the term "Foreign Exchanges?"
 - 7.—State the consequences of non-presentation of a bill of exchange at maturity.
 - 8.—What do you mean by "Legal Tender?"
 - 9.—In what does the "Utility of Banking" consist?
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II.—PRACTICAL BANKING.*Final Paper.*

- 1.—Within what period must a banker present for payment cheques handed to him by his customer for credit; and if unpaid, when is a banker bound to return them?
 - 2.—What is an "Equitable Mortgage," and how is such mortgage given? State what are its disadvantages.
 - 3.—What is the difference between discounting bills, or advancing money thereon? What rights has a banker under each mode?
 - 4.—What is the effect of a restrictive endorsement on bills of exchange, if discounted?
 - 5.—What causes affect the Foreign Exchanges?
 - 6.—Contrast the terms, "Market rate" and "Bank rate"? Whom, and what classes of security do both affect?
 - 7.—Give some account of the periodic fluctuations of the note issue.
 - 8.—What is the position of a creditor here of a Foreign or Anglo-foreign bank whose head office is abroad, with only a branch or agency in the United Kingdom?
 - 9.—In what kind of securities should a banker invest his capital?
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* It has not been found possible to obtain the final results of the Examination in time for insertion in this *Journal*. The results will therefore be communicated to the various Candidates by letter, and the names of the successful Candidates will appear in the October *Journal*.

III.—POLITICAL ECONOMY.

Preliminary Paper.

1.—Define the terms Utility, Value, Final Utility, Market, Buyer, Seller.

What are the general conditions which give advantage in bargaining? Is this advantage likely on the average to be equally shared by buyers and sellers? and if not, to which is it most likely to fall, and why?

2.—What are the causes which have led to the concentration of industries in the large cities, and the comparative depopulation of the country?

A movement has been set on foot for transplanting into country districts certain of the lighter industries now carried on in the overcrowded parts of large towns. Examine the economic principles involved in such a change, and its probable effects.

3.—“The value of a thing is just so much as it will bring.” Discuss this.

It is commonly remarked that this or that commodity “has sold below its value.” What precise meaning would you give to such a statement in the cases of Meat, Fish, Rare Books, Ocean Steamships, Consols, Gas Shares and Ground Rents respectively?

4.—“Foreign competition cannot injure the farmer while there is a shilling of rent left.”

Examine this statement. Point out the nature of the losses that would be involved in the extinction of rent, and the different classes whose interests would be affected.

5.—Analyse Profits; explaining the sense in which you use the term.

“The low rate of interest which capital usually demands in England, as compared with foreign countries, is a conclusive proof that the profits of our trade are moderate.” Examine this statement.

6.—Explain Mr. F. A. Walker’s statement that a reduction of wages is often a loss to the world, from which no man gains.

What is meant by the “degradation of labour?” and to what principal causes is it due?

7.—Explain the causes of the differences in earnings in different employments, with especial reference to two considerations, viz. :—

(a) How far they are due to monopoly, natural or acquired.

(b) How far the development of competition tends to increase or remove them.

8.—Describe the metallic currency of this country, and the Mint Regulations under which it is issued.

State roughly the quantities of the various elements which compose the commercial currency, and explain what determines their relative proportions. Do you consider the terms *legal tender* and *commercial cash* as equivalent?

IV.—POLITICAL ECONOMY.

Final Paper.

1.—The Socialistic critics of English Political Economy have stigmatized it as materialistic, individualistic, and capitalistic.

Explain the sense in which they apply these terms, and discuss the justice of the criticism.

2.—“Le superflu, chose très nécessaire.” — *Voltaire*. Define Luxury, and examine its economic effects.

Ceteris paribus, will a country be more or less prosperous, according as comforts and luxuries are dear or cheap relatively to necessities?

3.—What are the conditions of a perfect market? Apply your results to test the efficiency of the market for securities.

Do markets require any, and if so, what kind of regulation?

4.—State carefully the laws of Increasing and Diminishing Return. Having regard merely to these laws, what inference would you draw as to the conditions in which it would be prudent for bankers to make successive advances to the same enterprise?

What other considerations would the banker require to take into account?

5.—Describe the existing regulations of the note issue in England; and the objects they were intended to secure.

Discuss the arguments for and against a greater elasticity of issue, and the means by which such elasticity might be attained without danger of undue expansion.

6. Are there any, and if so, what reasons, why the sudden outbreak of war should produce a stringency in the money market? How would such an event affect the price (a) of consols, (b) of securities generally? And how far can the disturbance of prices be regarded as reasonable?

7. Describe the nature of the information given by the Returns of the Bank of England, and of the Clearing House. In what consists the special value of these Returns respectively? And what are the chief difficulties in the way of drawing definite and conclusive inferences from them?

8. Unlimited competition is frequently defended on the ground that it leads to “the survival of the fittest.”

Adduce any evidence which appears to you to tell for or against this conclusion, stating very carefully what you understand by the terms in which it is expressed. How far can you observe in trade and industry anything analogous to the operation of Gresham’s law in currencies?

V.—COMMERCIAL LAW.

Preliminary Paper.

- 1.—In what case may a bill of exchange be stamped after issue?
- 2.—If a cheque be drawn in the body of it for “thirty-six pounds,” but the figures in the margin are £30 only, what is the sum payable?
- 3.—The last indorsement on a bill runs “Pay D. or order on the arrival in London of the ship ‘Swallow.’” What is the duty or liability of the acceptor in this case?
- 4.—A bill is drawn in France payable in London 30 days after sight. By French law no days of grace are allowed. Are days of grace to be allowed for on this bill?
- 5.—The date on a bill payable on demand is altered after issue by the payee. What is the effect of the alteration (*a*) on the rights of the payee, (*b*) on the rights of a subsequent indorsee for value, without notice of the alteration?
- 6.—Who may pay a bill *suprà* protest for the honour of the drawer, and what are the rights of a person who so pays it?
- 7.—What is a restrictive indorsement? Give examples.
- 8.—In what cases is a banker justified in refusing payment of a customer’s cheque, if the customer has a sufficient balance to pay it?
- 9.—What is the meaning of the terms “notice of dishonour,” “acceptance *suprà* protest,” “cheque crossed ‘not negotiable,’” “a joint and several note,” “indorsement in blank,” “noting”?
- 10.—What parties to a bill or note are entitled to notice of dishonour?

. Give when you can the reasons for your answers.

VI.—COMMERCIAL LAW.

Final Paper.

- 1.—Explain the difference between a “warranty,” a “guarantee,” and a “contract of indemnity.”
- 2.—In what cases does a contract of sale of goods require to be supported by a memorandum in writing, and what are the requisites of such memorandum?
- 3.—In what way can bankruptcy proceedings be initiated, and to what period does the title of a trustee in bankruptcy relate back.
- 4.—When does the Statute of Limitation begin to run in the case of—
 - (*a*) a cheque;
 - (*b*) a note payable on demand;
 - (*c*) a bill payable three months after sight;
 - (*d*) a bill payable two months after date;
 and what facts stop it running?

5.—The last indorsement on a bill runs "Pay D. or order on the arrival in London of the ship 'Swallow.'" What is the duty or liability of the acceptor in this case?

6.—Who may pay a bill *suprà* protest for the honour of the drawer, and what are the rights of a person who so pays it?

7.—In what cases is a banker justified in refusing payment of a customer's cheque, if the customer has a sufficient balance to meet it?

8.—What is a restrictive indorsement? Give examples.

9.—Suppose a bill is drawn against a consignment of goods which reaches the hands of the drawee. If both drawer and acceptor become insolvent, what are the rights of the bill holder? Does it alter the case if the bill is not accepted?

10.—In what cases may a bill of exchange be stamped after issue?

VII.—ARITHMETIC AND ALGEBRA.

Preliminary Paper.

N.B.—*Two-and-a-half hours* are allowed for this Paper. *All the work by which a result is obtained must be clearly shown in immediate connection with the question.*

1.—How are vulgar fractions expressed as decimals and what conditions determine the production of a terminating and of a repeating decimal respectively? What sort of decimals will $\frac{1}{125}$ and $\frac{3}{8750}$ produce, and give reasons for your answers? (*You are not required to find the decimal fraction in either case.*)

$$2.—\text{Simplify } \frac{\frac{2}{3} + \frac{4}{9} - \frac{1}{3}}{3\frac{1}{2} - 2\frac{1}{8} + \frac{1}{4}} \times \frac{2\frac{1}{2} + \frac{4}{9} \text{ of } \frac{8}{9} - \frac{\frac{3}{10}}{2\frac{1}{4}}}{8 + \frac{2}{5 + \frac{4}{2\frac{1}{2}}}}$$

$$\text{and } \frac{8.075 - 2.38 + 2.061}{1.2 \times .003 + 4.5} + \frac{3.27 + 1.89 + 2.65}{4.03 \times 1.12 + .06}.$$

3.—Extract the square root of $8\frac{1}{4}$ and the cube root of $18\frac{2}{3}$.

4.—Calculate the interest to be added to the following account in the Post Office Savings Bank, the interest allowed being at the rate of $2\frac{1}{2}$ per cent. per annum, or one half-penny on each complete pound for each month, reckoning from the 1st of the Calendar month next following the day on which the deposit was made:—

| | | | Amount of deposit. | | | Amount of withdrawal. | | |
|-------|-------|----------------|--------------------|----|----|-----------------------|----|----|
| | | | £ | s. | d. | £ | s. | d. |
| 1884. | Jan. | 1—Balance..... | 37 | 18 | 4 | | | |
| | March | 25 | 12 | 1 | 8 | | | |
| | April | 10 | | | | 15 | 0 | 0 |
| | June | 24 | 13 | 0 | 0 | | | |
| | Aug. | 8 | | | | 6 | 0 | 0 |
| | Sept. | 29 | 10 | 0 | 0 | | | |
| | Nov. | 17 | | | | 13 | 0 | 0 |

5.—Find the amount at simple interest, and also at compound interest, to the nearest penny, of £320 for 2 years at $2\frac{1}{4}$ per cent., the compound interest being added on half-yearly.

6.—A person holding £68,600 stock of the 3 per cents. at $95\frac{1}{2}$, sells out and invests in the $2\frac{1}{2}$ per cents. at $85\frac{1}{2}$; what change is made in his yearly income? (Brokerage in both transactions at $\frac{1}{8}$ per cent.)

7.—A bankrupt's debts amount to £45,864 18s. 6d., and he pays a composition of 11s. 8d. in the £1; what must his assets have amounted to?

8.—Find the bill discounter's charge for discounting a bill for £3,600 drawn on 8th July at 3 months, and discounted on 17th August at $2\frac{3}{4}$ per cent.

9.—Simplify $30ab - (9a - 8b)(5a + 2b) - (4b - 3a)(15a + 4b)$ and find its value when $a = -2$ and $b = 3$.

10.—Simplify $\frac{a^3 - b^3}{a^3 - b^3} - \frac{b^3}{a^4 + a^3b^2 + b^4} - \frac{a^3 - b^3}{a^3 + b^3}$.

11.—Solve the equations—

I. $a(x - a) = (b - a)x + c$.

II. $1.2x - \frac{1}{2}(.18x - .05) = .4x + 8.9$.

III. $\frac{x}{a} + \frac{y}{b} = c$ and $ax + by = abc$.

12.—Divide 72 into three parts, such that the first, increased by 6, shall be one half of the second, and the second, diminished by 4, shall be equal to twice the third.

VIII.—ARITHMETIC AND ALGEBRA.

Final Paper.

N.B.—*Two-and-a-half hours* are allowed for this Paper. *All the work by which a result is obtained must be clearly shown in immediate connection with the question.* All the logarithms required are at the end of the Paper, but logarithmic tables can be used.

1.—Perform the operations indicated in the expression :—

$$\{(\sqrt{5} + \sqrt[4]{25} - \sqrt[5]{125}) \times (\sqrt[3]{4} + \sqrt[6]{16} - \sqrt[9]{64})\}^2$$

2.—A sovereign weighs 128.274 grains, and is 22 carats, i.e., $\frac{1}{12}$ fine, and a French 20-franc piece weighs 6.451 grammes, and is $\frac{2}{10}$ fine. Find the par of exchange between the two countries, giving it as so many francs per £1. (1 gramme = 15.43 grains.)

*3.—In how many years will £500 become £800 at $4\frac{1}{2}$ per cent. compound interest, the interest being added on yearly?

4.—For advancing £1,000 a money lender receives a bond for £1,200 in three years. What rate of interest did he receive for his money?

5.—If the banker's discount on a bill for £900 be equal to the true discount on a bill for £910 for the same time, and the rate per cent. be $2\frac{1}{2}$, find the time for which the bills are drawn.

6.—If the $2\frac{1}{2}$ per Cents. be at 86, and the Government offer to receive tenders for a loan of £4,000,000, the lender to receive £4,000,000 in the $2\frac{1}{2}$ per Cents., together with a certain sum in the 3 per Cents., what sum in the 3 per Cents. ought the lender to accept?

*7.—Given $\log_{10} 3$, find $\log_{10} 2700$. Find also the value of

$$\sqrt[3]{\frac{(2.68)^5 + \sqrt[3]{.15}}{\sqrt[3]{7.8} \times (3.65)^4}}$$

using the logarithms at the end of the Paper.

*8.—A sum of £45,000 is left to purchase two annuities of the same yearly value, but to continue for 15 and 10 years respectively. Find the annuities purchased, and their present values, compound interest being reckoned at the rate of 4 per cent.

*9.—Calculate the fine to be paid for the renewal of the lease of an estate having the annual value of £500, let on a lease of 21 years, renewable every *seven* years, the interest (compound) allowed being at the rate of $4\frac{1}{2}$ per cent. per annum.

*10.—A person retires from business with a capital of £12,000, for which he receives interest at the rate of 4 per cent. For how many years could he spend at the rate of £600 a year?

| | | | | | |
|----------|---|----------|-----------|---|----------|
| * log. 2 | = | .30103 | log. 7.8 | = | .8920946 |
| „ 1.045 | = | .0191163 | „ 3.65 | = | .5622929 |
| „ 1.2 | = | .0791812 | „ 8.84757 | = | .9468242 |
| „ 1.0627 | = | .0264107 | „ 1.04 | = | .0170333 |
| „ 1.0626 | = | .0263698 | „ 5.55265 | = | .7445005 |
| „ 3 | = | .4771213 | „ 6.75565 | = | .829667 |
| „ 2.63 | = | .4199557 | „ 5.39973 | = | .7323718 |
| „ 1.5 | = | .1760913 | „ 3.96787 | = | .5985577 |

IX.—BOOK-KEEPING.

Preliminary Paper.

- 1.—Give the names of the systems of book-keeping in general use.
- 2.—State the object of book-keeping, and what is the best system for obtaining that object.
- 3.—Make a list of books used in book-keeping, and describe shortly their uses.

4.—Explain briefly the general principle on which the system of book-keeping by double entry is based.

5.—How can a trader who keeps his accounts on a proper system find out the result of his transactions?

6.—How can it be ascertained that the entries in the books have been correctly made?

7.—Describe generally what the liabilities and assets of a bank consist of.

8.—On which side of the ledger do the liabilities and assets respectively appear? and state also on which side of a bank balance sheet the assets, liabilities, and undivided profits are placed.

9.—Give a short example of a cash account, with the items posted to ledger accounts and balanced.

X.—BOOK-KEEPING.

Final Paper.

1.—What is a balance sheet?

2.—Describe the method to be adopted in preparing a balance sheet from the books of a bank?

3.—On which side of bank balance sheet should the items of undivided profits appear?

4.—When a merchant's or trader's books are balanced, to what account is the profit or loss carried?

5.—If A. B. purchases indigo to the extent of £5,000 of a firm in Calcutta, and pays for it partly by accepting their draft for £3,000 at three months, payable at his London bankers, and partly by shipping goods to the firm in India to the extent of £2,000, what entries would you make to record these transactions, and in what books?

6.—Work out the following items, and draw out therefrom capital or stock account as at 31st December, 1883, and balance sheet and profit and loss account as at 31st December, 1884.

A. B. was possessed of the following Assets on 31st December, 1883 :—

| | | | | | |
|--------------------------|-----|-----|-----|-----|--------|
| Cash at Bankers | ... | ... | ... | ... | £2,450 |
| Bills Receivable in hand | ... | ... | ... | ... | 1,500 |
| Stock of Goods | ... | ... | ... | ... | 4,267 |
| Book debts due to him | ... | ... | ... | ... | 6,813 |

and at the same date he had the following liabilities :

| | | | | |
|--------------------------------------|-----|-----|-----|-------|
| To Sundry Creditors on Open Accounts | ... | ... | ... | 4,156 |
| „ Bills Payable | ... | ... | ... | 3,200 |

During the year 1884 he had the following transactions :

| | |
|---|---------|
| Goods purchased | 22,000 |
| Goods sold to Customers | 27,500 |
| Cash received from Customers | 24,250 |
| Ditto paid as follows :— | |
| For Goods | £19,000 |
| „ Rent and Taxes | 450 |
| „ Trade Expenses | 1,000 |
| „ Wages, etc. | 750 |
| „ A. B's. drawings for private expenses | 1,200 |
| | <hr/> |
| | 22,400 |
| Cash invested in Consols | 1,000 |
| Bills Payable accepted against goods purchased | 6,000 |
| Bills Receivable received from Customers | 5,400 |
| Ditto discounted | 4,800 |
| Discount paid thereon | 50 |
| Bills Payable matured and paid | 5,000 |
| Allowances made to Customers | 875 |
| Goods returned by A. B. to the sellers | 450 |
| Interest on Capital... .. | 850 |
| Stock on hand 31st December, 1884 | 3,750 |

SUMMARY OF BANK RETURNS

OF VICTORIA, NEW SOUTH WALES, NEW ZEALAND, SOUTH AUSTRALIA, QUEENSLAND, TASMANIA, AND WESTERN AUSTRALIA.

Compiled from the Sworn Averages for the Quarter ended 31st December, 1884.

LIABILITIES.

| | Notes in Circulation not bearing Interest. | Bills in Circulation not bearing Interest. | Balances due to other Banks. | Deposits not bearing Interest. |
|------------------------------|--|--|------------------------------|--------------------------------|
| | £ | £ | £ | £ |
| Victoria | 1,391,646 | 53,074 | 334,571 | 6,654,394 |
| New South Wales | 1,892,308 | 64,874 | 834,786 | 7,890,190 |
| New Zealand | 960,990 | 51,216 | 20,974 | 3,328,048 |
| South Australia | 548,021 | 14,010 | 67,187 | 1,567,325 |
| Queensland | 633,083 | 158,612 | 553,821 | 2,303,308 |
| Tasmania | 151,299 | 19,042 | 16,353 | — |
| Western Australia (Sept. 30) | 32,644 | 2,082 | 18,403 | 186,345 |
| Totals | 5,409,891 | 357,910 | 1,835,995 | 21,829,210 |

| | Deposits bearing Interest. | Total Deposits. | Total amount of Liabilities. |
|-------------------------------------|----------------------------|-------------------|------------------------------|
| | £ | £ | £ |
| Victoria | 21,762,749 | * 28,417,043 | 30,186,336 |
| New South Wales | 18,369,329 | 26,359,419 | 28,851,238 |
| New Zealand | † 6,457,021 | 9,786,069 | 10,818,251 |
| South Australia | 3,356,763 | 4,923,989 | 5,553,159 |
| Queensland | 4,118,815 | 6,822,023 | 7,663,551 |
| Tasmania | — | ‡ 4,022,167 | 4,218,863 |
| Western Australia (Sept. 30) | 442,081 | § 628,326 | 681,457 |
| Totals | 54,506,658 | 80,358,036 | 87,971,855 |

* Victoria.—This includes £2,167,035 Government deposits.

† New Zealand.—This includes £413,065 Government deposits.

‡ Tasmania.—In this colony's Bank Returns, deposits bearing interest are not distinguished from those not bearing interest.

§ Western Australia.—Government deposits not stated separately.

ASSETS.

| | Coined Gold and Silver, and other metals. | Gold and Silver in bullion or bars. | Landed Property. | Notes and Bills of other Banks. |
|------------------------------|---|-------------------------------------|------------------|---------------------------------|
| | £ | £ | £ | £ |
| Victoria | 4,666,586 | 248,162 | 1,037,844 | 135,958 |
| New South Wales | 3,844,479 | 61,609 | 853,351 | 119,790 |
| New Zealand | 2,021,887 | 148,792 | 469,974 | 44,926 |
| South Australia | 1,112,250 | 6,135 | 376,812 | 58,868 |
| Queensland | 1,147,185 | 118,083 | 319,013 | 19,392 |
| Tasmania | 569,819 | — | 64,859 | — |
| Western Australia (Sept. 30) | 140,656 | — | 36,148 | 1,806 |
| Totals | 13,502,662 | 680,729 | 3,148,091 | 380,639 |

| | Balances due from other Banks. | All debts due to the Banks.* | Total amount of Assets. |
|-------------------------------------|--------------------------------|------------------------------|-------------------------|
| | £ | £ | £ |
| Victoria | 242,343 | † 29,467,968 | 26,018,861 |
| New South Wales | 2,578,678 | ‡ 29,377,326 | 36,835,196 |
| New Zealand | 48,060 | § 16,206,068 | 15,984,691 |
| South Australia | 186,743 | ¶ 9,904,020 | 11,546,828 |
| Queensland | 214,559 | ** 9,359,244 | 11,155,490 |
| Tasmania | 634,142 | †† 2,717,753 | 3,986,576 |
| Western Australia (Sept. 30) | 9,092 | ‡‡ 887,574 | 1,065,277 |
| Totals | 4,010,607 | 97,819,903 | 118,542,648 |

* Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks.

† Victoria.—Government securities (if any) held by the banks are not separately distinguished in these returns.

‡ New South Wales.—This includes £79,311 average amount of N.S.W. Government debentures held by the Mercantile Bank of Sydney, and £203,200, average amount of Government securities held by the Commercial Banking Co. of Sydney.

§ New Zealand.—This includes £284,615 Government securities; notes and bills discounted, £4,313,920; debts due to the banks, exclusive of debts abandoned as bad, £10,655,945; securities not included under other heads, £251,561.

¶ South Australia.—This includes £22,000 Government securities.

** Queensland.—This includes £228 Government securities and stamp account.

†† Tasmania.—This includes £122,946 Government securities, and £24,764, amount of British and foreign bills of exchange remitted, but not yet matured.

‡‡ Western Australia.—This includes £7,500 public securities.

(From the Australasian Banking Record.)

WEEKLY RETURNS.

In £'s sterling 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. April 29. 1 | 1885. May 6. 2 | 1885. May 13. 3 | 1885. May 20. 4 | 1885. May 27. 5 | 1884. May 28. 6 |
|--|-------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| BANK OF ENGLAND. | | | | | | |
| ISSUE DEPARTMENT. | £ | £ | £ | £ | £ | £ |
| Notes issued | 41,351 | 41,575 | 41,040 | 41,146 | 41,424 | 39,876 |
| Government debt..... | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion..... | 25,601 | 25,825 | 25,290 | 25,396 | 25,674 | 24,126 |
| | 41,351 | 41,575 | 41,040 | 41,146 | 41,424 | 39,876 |
| BANKING DEPARTMENT. | | | | | | |
| LIABILITIES. | | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Reserve | 3,133 | 3,143 | 3,145 | 3,151 | 3,152 | 3,111 |
| Public deposits | 8,896 | 8,624 | 8,307 | 7,825 | 7,519 | 9,036 |
| Other deposits | 26,451 | 26,481 | 26,212 | 27,326 | 27,931 | 23,131 |
| Seven day and other bills ... | 157 | 170 | 176 | 166 | 147 | 173 |
| Total | 53,190 | 52,971 | 52,393 | 53,021 | 53,302 | 50,004 |
| ASSETS. | | | | | | |
| Government securities | 14,402 | 14,497 | 14,097 | 14,097 | 14,097 | 12,640 |
| Other securities | 20,754 | 20,688 | 20,748 | 21,016 | 20,836 | 21,812 |
| Notes | 16,757 | 16,622 | 16,396 | 16,681 | 17,201 | 14,539 |
| Gold and silver coin | 1,277 | 1,164 | 1,152 | 1,227 | 1,168 | 1,013 |
| Total | 53,190 | 52,971 | 52,393 | 53,021 | 53,302 | 50,004 |
| Notes in the hands of the public..... | 24,594 | 24,953 | 24,644 | 24,465 | 24,223 | 25,337 |
| Reserve | 18,034 | 17,786 | 17,548 | 17,908 | 18,369 | 15,552 |
| Proportion of reserve to liabilities (per cent.) | 50.79 | 50.42 | 50.05 | 50.70 | 51.60 | 48.08 |
| Rate of discount | 3½ % | 3 % | 2½ % | 2½ % | 2 % | 2½ % |
| RATES OF EXCHANGE ON LONDON. | | | | | | |
| Paris, Cheque— (par £1=25f. 22½c.) | 25.35 | 25.32½ | 25.28½ | 25.24½ | 25.19½ | 25.20½ |
| Berlin, 8 days— (par £1=20m. 43pf.) | 20.42 | 20.45 | 20.43½ | 20.42 | 20.39 | 20.45 |
| New York, 60 days— (par £1=\$4.867)..... | 4.86 | 4.86½ | 4.86½ | 4.86½ | 4.86½ | 4.83½ |
| Calcutta, 4 m/d— (per rupee) .. | 1s. 7¼d. | 1s. 7¼d. | 1s. 6¾d. | 1s. 6¾d. | 1s. 6¾d. | 1s. 7¼d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. April 30. 1 | 1885. May 7. 2 | 1885. May 14. 3 | 1885. May 21. 4 | 1885. May 28. 5 | 1884. May 29. 6 |
|--|-------------------------|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| BANK OF FRANCE. (Converting the franc at 25 to the £) | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Public deposits | 6,536 | 6,066 | 6,669 | 5,625 | 6,742 | 3,969 |
| Private deposits | 18,411 | 17,651 | 16,632 | 17,294 | 18,788 | 17,509 |
| Notes in circulation | 116,997 | 113,359 | 113,340 | 111,773 | 111,307 | 116,111 |
| Other items | 11,990 | 12,529 | 12,428 | 12,486 | 12,418 | 12,508 |
| Total | 154,034 | 149,605 | 149,069 | 147,178 | 149,250 | 150,087 |
| ASSETS. | | | | | | |
| Gold | 42,127 | 42,889 | 43,089 | 43,353 | 43,648 | 41,422 |
| Silver | 42,526 | 42,632 | 42,583 | 42,669 | 42,887 | 40,507 |
| Bills | 39,731 | 34,562 | 33,767 | 31,772 | 33,512 | 38,634 |
| Advances | 17,064 | 17,395 | 17,424 | 17,325 | 17,253 | 17,560 |
| Other items | 12,586 | 12,127 | 12,206 | 12,059 | 11,950 | 11,964 |
| Total | 154,034 | 149,605 | 149,069 | 147,178 | 149,250 | 150,087 |
| Rate of discount | 3 % | 3 % | 3 % | 3 % | 3 % | 3 % |
| | 1885. April 30. | 1885. May 7. | 1885. May 14. | 1885. May 21. | 1885. May 28. | 1884. May 29. |
| IMPERIAL BANK OF GERMANY. (Converting the reich-mark at 20 to the £) | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Notes in circulation | 36,616 | 35,445 | 34,320 | 33,728 | 34,142 | 34,384 |
| Current accounts | 11,590 | 11,131 | 11,606 | 12,671 | 12,748 | 12,334 |
| Other items | 6,093 | 7,093 | 7,090 | 7,082 | 7,091 | 7,037 |
| ASSETS. | | | | | | |
| Coin and Bullion | 28,298 | 28,634 | 29,706 | 30,227 | 30,439 | 31,604 |
| Bills and Loans | 22,335 | 20,632 | 19,130 | 19,283 | 19,869 | 19,098 |
| Other items | 5,075 | 4,834 | 4,621 | 4,420 | 4,149 | 3,961 |
| Rate of discount | 4½ % | 4 % | 4 % | 4 % | 4 % | 4 % |

WEEKLY RETURNS.

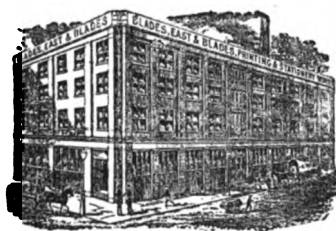
In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. April 4. 1 | 1885. April 11. 2 | 1885. April 18. 3 | 1885. April 25. 4 | 1885. May 2. 5 | 1884. May 3. 6 |
|--|------------------------|-------------------------|-------------------------|-------------------------|----------------------|----------------------|
| NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £). | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Notes in circulation | 2,191 | 2,193 | 2,183 | 2,182 | 2,163 | 2,383 |
| Net deposits | 70,537 | 70,883 | 71,587 | 71,363 | 71,760 | 66,643 |
| ASSETS. | | | | | | |
| Loans and discounts | 60,551 | 60,420 | 60,393 | 59,669 | 59,323 | 62,398 |
| Specie | 20,897 | 21,211 | 21,538 | 21,991 | 22,297 | 11,199 |
| Legal tenders | 6,162 | 6,191 | 6,437 | 6,478 | 6,649 | 5,622 |
| Legal reserve (being one-fourth of net deposits) | 17,634 | 17,721 | 17,897 | 17,841 | 17,918 | 16,660 |
| Reserve held (consisting of specie and legal tenders) | 27,059 | 27,402 | 27,975 | 28,469 | 28,946 | 16,321 |
| Surplus | 9,425 | 9,681 | 10,078 | 10,628 | 11,028 | 161 |
| | 1885. April 29. | 1885. May 6. | 1885. May 13. | 1885. May 20. | 1885. May 27. | 1884. May 23. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ | £ |
| Clearing-house returns | 105,259 | 100,528 | 86,931 | 125,252 | 75,645 | 95,480 |
| Average price of wheat | 36s. 8d. | 37s. 1d. | 38s. 1d. | 37s. 5d. | 35s. 10d. | 33s. 5d. |
| Price of consols | 95½ | 98½ | 99 | 99½ | 100½ | 101½ |
| Bar silver, fine, per oz. standard | 49½d. | 49½d. | 49½d. | 49d. | 49½d. | 50½d. |
| 3 % French Rentes | 77.45 | 79.45 | 79.95 | 80.30 | 80.42½ | 78.35 |

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The Practical Hand-book to the Bills of Exchange Act, 1882,

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TO WHICH IS ANNEXED A REPRINT OF THE ACT.

By the codification of the law relating to Bills of Exchange, Cheques, and Promissory Notes, the position of those dealing with them has been greatly simplified. The uncertainties of case law and custom, and the conflict of legal opinion, have been, as regards most points of importance, determined by direct enactment, and on such points the Act itself is now the surest guide. This hand-book is designed to afford a ready and certain means of ascertaining whether any question has been dealt with by the Act, and of referring at once to all the clauses relating to it.

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Prospectuses and full particulars post free.

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BANK OF MONTREAL.

ESTABLISHED 1818.

INCORPORATED BY PROVINCIAL PARLIAMENT.

Capital Paid Up, \$2,465,753 Sterling.

Reserve Fund, \$1,232,876.

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| | | | |
|-----------------------|------------------|---------------------------------|--|
| MONTREAL | | R. S. CLOUSTON, Manager. | |
| ALMONY, Ont. | HAMILTON, Ont. | QUEBEC, Que. | |
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GUARDIAN

Fire & Life Assurance Company.

Established 1821, and Empowered by Special Acts of Parliament.

| | | | | | |
|---------------------|-----|-----|-----|-----|-------------------|
| SUBSCRIBED CAPITAL | ... | ... | ... | ... | £2,000,000 |
| PAID-UP CAPITAL | ... | ... | ... | ... | 1,000,000 |
| TOTAL FUNDS IN HAND | ... | ... | ... | ... | 3,861,000 |
| TOTAL INCOME, OVER | ... | ... | ... | ... | 718,000 |

Directors.

ALBAN G. H. GIBBS, Esq., CHAIRMAN.
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Branch Manager—RALPH P. HARDY.

Bankers—Messrs. CHILD & Co., 1, Fleet Street.

LIFE DEPARTMENT.

The last Quinquennial Valuation was made on the basis of the Institute of Actuaries' (HM) Table of Mortality and 3 per cent. interest. The Valuation was strictly a net premium one, the whole of the loading being reserved.

FEATURES OF LIFE POLICIES.

PAYMENT OF CLAIMS is generally made immediately after proof of death and title.

A GUARDIAN Policy of 5 years' standing can be revived within thirteen months on payment of the premiums overdue and a fine, no evidence of health being required.

A GUARDIAN Policy of 5 years' standing is free from all restrictions as to foreign residence and travel, provided the life assured has attained the age of 30, and has not previously exceeded the free limits, nor is in the military, naval, nor mercantile marine services.

Forfeiture of a GUARDIAN Policy on account of Suicide is limited to thirteen months.

A GUARDIAN Policy is indisputable on the ground of any *bona fide* error in the proposal after the age has been admitted.

The GUARDIAN issues, when required, special forms of Trust Policies for Wife and Children.

The GUARDIAN system of Paid-up and Non-Forfeiture Policies gives ample protection to Policy-holders who from any cause cannot continue their periodical payments.

LOANS are granted on Life Policies to nearly the amount of the Surrender Value.

LIFE FUND (1883), £2,217,000.

LIFE INCOME, £281,000.

FIRE DEPARTMENT.

Insurances Effectuated upon Property at Home and Abroad at Moderate Rates.

FIRE FUND (1883), £457,000.

FIRE INCOME, £391,000.

The Capital and Counties Bank, Limited.

ESTABLISHED 1834.

Subscribed Capital, £2,000,000.

Paid-up Capital, £400,000. Reserve Fund, £300,000.

Directors.

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Head Office—Threadneedle Street, London.

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JOHN REID, *Secretary.*

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LUDGATE HILL, 25, Ludgate Hill.

OXFORD STREET, 68, Oxford Street.
PADDINGTON, 195, Edgware Road.

COUNTRY BRANCHES.

Aldershot
Airesford
Alton
Andover
Basingstoke
Bradford-on-Avon
Brighton
Brighton, West
Bristol
Burgess Hill
Caine
Chichester
Chippenham
Corsham

Cowes
Devizes
Dorking
Emsworth
Fareham
Gosport
Guildford
Hastings
Havant
Highworth
Hungerford
Jersey
Landport
Malmesbury

Marlborough
Melksham
Newport, I.W.
Odiham
Petersfield
Pewsey
Portsea
Portsmouth
Reading
Redland (Bristol)
Romsey
Ryde
Salisbury

Sandown
Shanklin
Southampton
Southsea
Swindon
Do. New Town
Trowbridge
Ventnor
Warminster
Westbury
Winchester
Woolwich
Wootton Bassett

CURRENT ACCOUNTS opened in London on terms usual among London Bankers. Where inconvenient for customers to maintain a remunerative balance, a moderate Commission is charged.

DEPOSIT RECEIPTS issued in London, and Interest allowed at rates as advertised from time to time, or for fixed periods and rates as may be agreed upon.

At the Country Branches, Current Accounts opened, Deposit Receipts issued, and all other Banking business transacted on the usual terms.

Approved Bills discounted, and Loans made upon Securities.

Dividends and Coupons collected.

Circular Notes and Letters of Credit can be obtained payable in the principal Cities and Towns of the Continent, and Letters of Credit are issued payable in New Zealand, Australia, and elsewhere.

Facilities given for the transmission of money between London and the Towns where the Company has Branches.

The Agency of Foreign and Country Banks is undertaken.

Investments in and Sales of Home and Foreign Securities effected.

The Officers of the Bank are bound to secrecy.

London & South Western Bank, LIMITED.

Capital £1,000,000, In 20,000 Shares of £50 each.

Paid-up Capital, £300,000.

Reserve Fund, £35,000.

Directors :

LT.-COL. GEORGE A. ELLIOT, J.P.
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W. M. MACKENZIE, Esq.

G. N. MARTEN, Esq.
SIR G. R. PRESCOTT, BART.
H. WETHERED, Esq.

Joint General Managers :

GEORGE T. GOODINGE AND WILLIAM HERBAGE.

Assist. Manager—JOHN LISCOMBE.

Branch Inspector—JOHN WILLIAMS.

Head Office :—7, FENCHURCH STREET, E.C.

West End Branch :—27, REGENT STREET, S.W.

ACTON ... High Street.
ADDISCOMBE ... Lower Addiscombe Rd.
ANERLEY ... 135, Anerley Road.
BALHAM ... High Road.
BATTERSEA ... Battersea Park Road.
BERMONDSEY ... 159, Old Kent Road.
BOW ... 90 & 92, Bow Road.
BRIXTON, North ... 275, Brixton Road.
BRIXTON, South ... 465, Brixton Road.
CAMBERWELL ... Camberwell Green.
CAMDEN TOWN ... Park Street.
CHISWICK ... High Road.
CLAPHAM ... Clapham Common.
CLAPHAM JUNC. ... 3, Garfield Terrace.
CLAPTON ... 8, Lea Bridge Corner.
CROYDON ... North End.
EALING ... The Broadway.
FINSBURY ... 82, Finsbury Pavement
FINSBURY PARK ... Finsbury Park Bldg.
FOREST GATE ... 16, Woodgrange Road
FOREST HILL ... High Street.
HAMMERSMITH ... 92, King Street West.
HAMPSTEAD ... High Street.
HARROW ROAD ... 6, Sutherland Gardens.

HENDON ... The Institute.
HIGHGATE ... High Street.
HOLLOWAY ... 408, Holloway Road.
KENTISH TOWN ... 228, Kentish Town Rd.
KILBURN ... Station Road.
LOWER NORWOOD ... 435, Norwood Road.
NEW CROSS ... 247, Lewisham H. Rd.
NOTTING HILL ... 137, Ladbroke Grove.
OXFORD STREET ... 451, Oxford Street
PECKHAM ... High Street.
POPLAR ... 193, E. India Dk. Rd.
PUTNEY ... 127, Upper Rd., Richmond.
ST. JOHN'S WOOD ... Wellington Road.
SHEPHERD'S BUSH ... Uxbridge Road.
STH. HAMPSTEAD ... 48, Finchley New Rd.
SOUTH NORWOOD ... High Street.
STEPNEY ... 368, Commercial Rd.
STREATHAM ... Streatham Road.
SYDENHAM ... Bank Buildings.
TOOTING ... The Broadway.
UPPER NORWOOD ... Westow Hill.
WANDSWORTH ... Bank Buildings.
WEST BROMPTON ... 202, Fulham Road.
WIMBLEDON ... The Broadway.

COUNTRY BRANCHES :

BRISTOL. | HONITON. | OTTERY ST. MARY. | SIDMOUTH.

Current Accounts are opened on the terms usually adopted by Bankers. In cases where a remunerative balance is not maintained, a small charge for commission is made.

Deposits of £10 and upwards are received, subject to seven days' notice of withdrawal, and interest is allowed thereon at the current rate of the day. Deposits are also received for fixed periods, according to arrangement.

Money can be paid in at the Head Office, or at any Branch, for Customers' Accounts.

The Agency of Country and Foreign Banks is undertaken, and every description of Banking business is transacted.

Investments and Sales of all descriptions of British and Foreign Securities, &c., are effected, and Dividends and Military and other Pay and Allowances are received.

Drafts on Demand, Circular Notes, and Letters of Credit are issued.

The Officers of the Bank are bound not to disclose the transactions of its Customers.

LONDON & COUNTY BANKING COMPANY

LIMITED.

Established in 1886, and Registered in 1880 under "The Companies' Acts, 1862 to 1879."

CAPITAL £8,000,000, IN 100,000 SHARES
OF £80 EACH.

| | | | | | |
|-----------------|-----|-----|-----|-----|------------|
| Paid-up Capital | ... | ... | ... | ... | £2,000,000 |
| Reserve Fund | ... | ... | ... | ... | £1,000,000 |

HEAD OFFICE: 21, LOMBARD STREET.

Head Office Manager :—WILLIAM HOWARD, Esq.

Deputy Manager :—JOHN EDWARD BAGULEY, Esq.

Secretary :—GEORGE GOUGH, Esq.

The London & County Banking Company, Limited,

Opens DRAWING ACCOUNTS with Commercial Houses and Private Individuals, upon the plan usually adopted by other Bankers.

DEPOSIT ACCOUNTS.—Deposit Receipts are issued for sums of Money placed upon these Accounts, and Interest is allowed for such periods and at such rates as may be agreed upon, reference being had to the state of the Money Market.

CIRCULAR NOTES and LETTERS OF CREDIT are issued payable in the principal Cities and Towns of the Continent. Letters of Credit are also issued payable in Australia, Canada, India, China, the United States, and elsewhere.

The Agency of Foreign and Country Banks is undertaken.

The *Purchase and Sale* of Government and other Stocks, also of English and Foreign Shares, are effected. *Dividends, Annuities, &c.*, are received for Customers of the Bank.

Great facilities are afforded to the Customers of the Bank for the receipt of Money both from and in the Towns where the Company has Branches.

The Officers of the Bank are bound not to disclose the transactions of any of its Customers.

By Order of the Directors,

W. McKEWAN, *General Manager.*

BIRKBECK BANK,

ESTABLISHED 1851.

29 & 30, SOUTHAMPTON BUILDINGS, CHANCERY LANE, LONDON.

THREE per CENT. INTEREST allowed on DEPOSITS, repayable on demand.
TWO per CENT. INTEREST on CURRENT ACCOUNTS calculated on the minimum monthly balances, when not drawn below £50.

The Bank undertakes the custody of securities of customers, and the collection of Bills of Exchange, Dividends, and Coupons. Annuities, Stocks and Shares purchased and sold, and advances made thereon.

Letters of Credit and Circular Notes issued for all parts of the world.

The utmost facilities are afforded to those keeping Accounts with the Bank for the receipt and payment of Annuities, and for the transmission of money to the Colonies, the Continent, and America. The Bank acts also as Agents for receiving the Pay and Pensions of Officers of the Army and Navy, and their Widows and Children, at home or abroad.

ABSTRACT OF THIRTY-SECOND ANNUAL BALANCE SHEET, MARCH, 1884

| | |
|---|------------|
| Amount at Credit of Current and Deposit Accounts | £3,554,778 |
| Investments in the English Funds and other Convertible Securities, and Cash in hand | £3,713,960 |
| Permanent Guarantee Fund, invested in Consols | £200,000 |
| Amount of Assets in excess of Liabilities | £106,867 |
| Number of Current and Deposit Accounts | 38,168 |

The BIRKBECK BANK accepts neither personal security for advances, nor discounts bills for customers, except with collateral security; so that it enjoys an immunity from losses unknown to either joint-stock or private banks. The Bank has no Branches or Agents. All communications should be addressed to

FRANCIS RAVENSCROFT, *Manager*.

The BIRKBECK ALMANACK, with full particulars, on application.

January 1st, 1885.

The Number of the Birkbeck Bank in connexion with the Telephone Exchange is 2508.

Just Published, Price 2/6, Post Free.

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Nine Years (Gold Mining, Hunting, and Volunteering) in the Transvaal.

BY
E. V. C.

An original, bright, and sparkling account of personal adventure and experience in a land which is now attracting much attention from, and entailing great responsibilities upon, our Home Government.

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ARE PREPARED TO ESTIMATE FOR

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Conservatories, and Public Buildings of any kind,

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BEST AND MOST ECONOMICAL
PRINCIPLES.

PLANS AND ESTIMATES ON APPLICATION.

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(LATE OF 6, BANKSIDE, S.E.)

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The Council of the Institute of Bankers desire it to be distinctly understood, that Authors alone are responsible for the contents of their Papers, both as to matters of fact and of opinion, and, also, that the Institute accepts no responsibility for the opinions which may be expressed in the various discussions.

BY ORDER OF THE COUNCIL.

CALENDAR FOR SESSION 1885-86.

OCTOBER, 1885.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

NOVEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

DECEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | 31 |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

JANUARY, 1886.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Friday | ... | 1 | 8 | 15 | 22 | 29 |
| Saturday | ... | 2 | 9 | 16 | 23 | 30 |
| Sunday | ... | 3 | 10 | 17 | 24 | 31 |
| Monday | ... | 4 | 11 | 18 | 25 | |
| Tuesday | ... | 5 | 12 | 19 | 26 | |
| Wednesday | ... | 6 | 13 | 20 | 27 | |
| Thursday | ... | 7 | 14 | 21 | 28 | |

FEBRUARY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|--|
| Monday | ... | 1 | 8 | 15 | 22 | |
| Tuesday | ... | 2 | 9 | 16 | 23 | |
| Wednesday | ... | 3 | 10 | 17 | 24 | |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

MARCH.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | 31 |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

APRIL.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

MAY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | 31 |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

JUNE.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

JULY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

AUGUST.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | 31 |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

SEPTEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

The Dates of Meetings are distinguished by *large black figures*.

The Institute of Bankers,

2, ST. MICHAEL'S HOUSE,

CORNHILL, E.C.,

LONDON, October, 1885.

NOTICES TO MEMBERS.

MEETINGS

WILL BE HELD IN THE

THEATRE OF THE LONDON INSTITUTION,
FINSBURY CIRCUS, E.C.,

ON

| | |
|-------------------------------|--------------------------------|
| Wednesday, October 21st, 1885 | Wednesday, February 17th, 1886 |
| „ Nov. 18th, „ | „ March 17th, „ |
| „ Dec. 16th, „ | „ April 21st, „ |
| „ January 20th, 1886 | „ May 19th, „ |

The Annual General Meeting will be held on May 19th, previous to the Ordinary Meeting.

The time at which the chair will be taken will be announced previously to each meeting.

The Council have reason to believe that in the course of the Session the following Papers amongst others will be communicated to the Institute :—

“Practical Banking,” (concluding portion),

By T. B. MOXON, Esq., Fellow of the Institute.

“Silver as a Universal Medium of Currency,”

By H. CHEVASSUS, Esq., Fellow of the Institute.

“The Social Aspect of Banking,”

By Professor H. S. FOXWELL, Examiner in Political Economy to the Institute.

“The History and Development of Banking in Ireland,”

By MALCOLM DILLON, Esq., Member of the Institute.

THE Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institution, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the *Journal*, or by advertisement in the principal papers about one week before each meeting. Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the Ordinary Meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interest to the Profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the Profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the *Journal* as the Council may determine.

If not out of print, *members* may obtain a *single* copy of each of the back numbers of the *Journal* at the reduced price of 1s. each. A few volumes bound in morocco, can be obtained at 15s. each volume.

The *Journal* is for the present published in eight consecutive months, namely, from December to the June following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, Members are especially requested to inform the Secretary, without delay, of any change in their Addresses.

Economist. Volumes prior to 1856.
Journal of the Statistical Society. Vols. prior to 1874.
Early copies of the London Directory.
The Annual Register.
Hansard's Parliamentary Debates.
Tooke's History of Prices.
Lord Overstone's Select Tracts on Currency, &c.
Ruding's Annals of the Coinage.
Kenyon's Gold Coins of England.

BY ORDER OF THE COUNCIL.

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SUBJECT AND CONDITIONS FOR PRIZE ESSAY.

SESSION 1885-86.

THE following is the title of the Essay to which a First Prize of £20 and a Second Prize of £10 will be awarded at the May meeting of the Institute, 1886. The Essays must be lodged with the Secretary on or before the 1st January, 1886 :—

“THE EFFECT ON COMMERCE OF THE LAW OF LIMITED
LIABILITY.”

The following are the conditions :—

Each Essay to bear a motto, and be accompanied by a sealed letter, marked with the like motto, and containing the name and address of the author ; such letter not to be opened, except in the case of the successful Essay.

No Essay to exceed in length 30 pages (8vo.), of this publication, and distinct references should be made to such authorities as may be quoted or referred to.

The Council shall, if they see fit, cause the successful Essays, or abridgments thereof, to be read at a meeting of the Institute of Bankers, and shall have the right of publishing the Essays in their *Journal* one month before their appearance in any separate independent form ; this right of publication to continue till six months after the award of Prize.

Competition for the above Prizes shall be open to the Fellows, Associates and Members of the Institute of Bankers.

The Council shall not award the Prizes, except to the authors of Essays, in their opinion, of a sufficient standard of merit.

The Essays must be legibly written, and on one side of the paper only.

If further explanation is required, it may be obtained from the Secretary, at the Offices of the Institute, 2, St. Michael's House, E.C.

The Institute of Bankers.

OCTOBER, 1885.

PERIODIC COMMERCIAL AND FINANCIAL FLUCTUATIONS CONSIDERED IN THEIR RELATION TO THE BUSINESS OF BANKING.

Being the Essay for which was awarded the Prize for the Session, 1884-5.

By W. A. STEEL, an Associate of the Institute.

I.



It has long been a matter of common knowledge that the course of commercial affairs is not steady and constant, but is, on the contrary, extremely fluctuating. When trade advances it is not by steps, but often by "leaps and bounds," while it tends quickly to reach some extreme point, from which, again, there is a distinct and rapid decline. We do not see in our commerce a gradual progress of growth and development, but what more resembles the ebbing and flowing of a tide. If we look back over a period of years, and take account of the progress that has been made, and the method of that progress, we find a strange and apparently inevitable alternation of adverse and prosperous times. Seasons of success, in which all industries seemed to flourish, have followed each other until, in some particular year, a high-water mark was reached, and then have come in their turn seasons of depression, when suffering and failure have been as general as the previous prosperity. So that even to those who have only casually glanced at the subject, the idea has become familiar of a cycle in our commercial affairs, which produces those varying conditions, stage by stage, in its course. The periodicity of those fluctuations has been further, so to speak, emphasized by the occurrence of great crises in

which the trade cycles seemed to culminate, and by the remarkable fact that, in a long succession of such crises, they have followed each other after closely-corresponding intervals of time. Few who have not given special attention to the subject are aware how much real foundation the history of commerce affords for the popular notion that "we must expect a crisis every ten years"; for this statement approaches at least to a just inference from the experience of the commercial world. The more noticeable panics of our own century have occurred in 1815, 1825-26, 1836-39, 1847, 1857, and 1866. A more thorough knowledge of the history of those events and their circumstances makes them appear only more remarkable and deserving of study.

There are other commercial fluctuations that move in narrower limits, and are more easily understood and explained—the distinct variation, namely, or series of variations, observed in the course of a single year. It is reasonable to suppose that the influence of the seasons must tell upon the various industries. The operations not of agriculture merely, but of trade generally, and even of the money market, may be expected to differ widely in harvest-time and spring, in winter and summer. That variations do occur, and with a certain amount of regularity, is well understood by two classes of people—merchants who have to take account of them in reference to their own buying and selling, and those persons who study the course of the markets for the information of the public. Journalists in comparing the totals of trade operations do, for this very reason, set the figures of any particular week, month, or quarter against those of the corresponding week, month, or quarter in previous years, rather than against those immediately preceding. Obviously it would be misleading to compare the clearing house totals of a fourth day of the month, or a stock exchange settling-day with those of an ordinary day, and the first weeks of a quarter, when dividends are payable, with weeks when no such great transactions occur.

It is not needful to dwell on the importance of a knowledge of the causes and usual course of commercial fluctuations, for that is already generally acknowledged. There is nothing which it is more easy to disturb, or the serious disturbance of which is more likely to cause great disasters, than the money market. The money market is, to the last degree, delicate and sensitive. Our vastly improved "mechanism of exchange," with its infinite economy of the precious metals—the material means of exchange—gives us commercial transactions continually and enormously increasing along with a stationary, or almost stationary, reserve of actual money. It is this consideration that makes any collapse of credit, or even the fear of it, so injurious. A right understanding of commercial fluctuations would sometimes serve to give warning to the community of impending danger, so that means might be taken to ward it off, and at other times might show that circumstances which appeared threatening were normal,

and need not give rise to alarm. The interest of the subject has been increasingly recognized in recent years by some able and eminent inquirers, who in what they have done to elucidate it have rendered valuable service to the commercial community. In these few pages, my main endeavour must be to sum up the definite results of their labours; first of all, collecting and clearly stating the essential facts concerning commercial fluctuations; next, explaining and accounting for them as thoroughly as present knowledge will admit, and then drawing what conclusions may be possible for practical use.

The year has its natural division into seasons, the influence of which upon the course of trade is acknowledged; but there is, besides, an artificial arrangement of it into weeks, months, and quarters, the effect of which also requires to be considered. Business transactions are very generally, and some great operations of government finance are invariably, settled with reference to those divisions of the year. A large proportion of all the commercial bills drawn are dated from the first day of the month, and fall due, therefore, according to their currency, on the fourth day of some succeeding month. This is one of the smaller variations that are perfectly well understood. At the beginning of the month, also, more often than at any other time, large payments are made. The dividends of very many joint-stock companies, and the interest on many foreign government obligations, are made payable then; and these, along with a mass of smaller payments, go to swell the amount which at that particular time must be provided from the floating capital of the country. Once every quarter there is a still more conspicuous variation of a similar kind. Payments of rent, of salaries, and all manner of other accounts, are then made. These may be individually small in amount, but they are very numerous, and the aggregate amount of them must be very great. In addition to them all, there is the quarterly payment of dividends on the National Debt, a momentous transaction, implying the transfer of many millions of money. The quarterly variations due to those causes are not quite equal throughout the year, for in January and July the amounts are considerably increased by heavier dividends and by half-yearly payments.

Such, in very brief outline, are the variations that might reasonably be calculated upon during each year. Two questions remain to be asked concerning them—what is their probable effect upon the course of the money market? and whether that effect can actually be traced?

1.—By way of answer, let us take first the payment of commercial bills in large quantities at the beginning of the month. This operation will diminish the amount of such bills in the hands of bankers, and correspondingly, also, the item of “private securities” in their accounts. It will add to their command of capital by releasing what has been invested in this manner. And these changes will be found reflected in an increase of “private deposits,” which include those of bankers, in the accounts of the Bank of England.

2.—Let us look next at the payment of the dividends on the National Debt. The first result must be the diminution of the Government's ready-money, the "public deposits" at the Bank. The dividends are paid in two ways—in cash over the Bank's counter, or by transfer to the credit in current account of bankers or private customers. The payment will, therefore, increase both the circulation of notes and the private deposits, and diminish the bullion and the reserve of notes.

3.—It is, of course, impossible to follow out so definitely the effects of augmented monthly or quarterly payments of a more miscellaneous character. What might be looked for with most certainty is, that they would increase the amount of the note circulation, and in their degree affect the reserve of notes and the stock of bullion. But it must be borne in mind that these immense transactions do not produce visible results at all corresponding to their own magnitude. The enormously developed use of cheques, and the elaboration of our system of clearing, have substituted transfer in bankers' books for the exchange of vast sums of money, so that the changes that occur monthly or quarterly in the circulation are reduced to a comparatively trifling amount.

Yet such variations can be distinctly traced. In this question the best authorities, as well as the most accessible, are the published accounts of the Bank of England. These have been, for the very purpose of an enquiry into commercial fluctuations, arranged into tables and diagrams by the late Professor Jevons and others; and the peculiar value of them is that from the actual constitution of our monetary system every fluctuation of any consequence must find itself reflected in the Bank accounts. The nature and approximate extent of the quarterly variations in the Bank accounts Prof. Jevons has expressed in the following statistical form :—

| | | | |
|----------------------|--------|----------|------------|
| Government Deposits | ... .. | Decrease | £4,260,000 |
| Private Securities | ... .. | " | 1,910,000 |
| Bullion and Coin | ... .. | " | 620,000 |
| Loanable Capital | ... .. | " | 1,910,000 |
| Notes in Circulation | ... .. | Increase | 1,400,000 |
| Private Deposits | ... .. | " | 1,550,000 |

On pages 190 and 191 of Prof. Jevons' "Investigations in Currency and Finance" are some tables illustrative of these points. They are tables of the average variation of the Bank accounts from week to week of the month during the years 1862-71, and the years 1872-81: and the average variation from week to week of the quarter for the same periods. For the sake of the clear evidence they furnish, as to the monthly and quarterly variations, two of these tables, for 1872-81, are here re-produced. The 1862-71 tables, it may be stated, very closely resemble these, and would only qualify the conclusions to be drawn to an insignificant extent.

TABLE XI.—AVERAGE VARIATION FROM WEEK TO WEEK OF THE MONTH, 1862-71.

(0,000's omitted.)

| Reserve of Notes and Coin. | Bullion and Coin, Gold, and Silver. | | | | Circulation. | | | Deposits. | | |
|----------------------------------|-------------------------------------|-----------------------------|--------|-----------------------|--------------|--------|--------|------------------------|----------|---------|
| | Issue Department. | Banking Depart- ment. | Total. | Number of Week. | Notes. | Bills. | Total. | Private Securities. | Private. | Public. |
| | | | | | | | | | | |
| 10.01 | 17.00 | 88 | 17.88 | 1 | 22.78 | 58 | 23.36 | 19.69 | 16.99 | 6.54 |
| 10.04 | 16.92 | 90 | 17.82 | 2 | 22.70 | 57 | 23.27 | 19.16 | 17.11 | 5.99 |
| 10.27 | 16.97 | 91 | 17.88 | 3 | 22.53 | 57 | 23.10 | 18.97 | 16.99 | 6.13 |
| 10.57 | 17.07 | 91 | 17.97 | 4 | 22.32 | 56 | 22.88 | 18.91 | 16.77 | 6.51 |
| 11.03 | 17.48 | 92 | 18.40 | 5 | 22.25 | 53 | 22.78 | 20.64 | 16.66 | 8.79 |

TABLE XII.—AVERAGE VARIATION FROM WEEK TO WEEK OF THE QUARTER, 1872-81.

(0,000's omitted.)

| Reserve of Notes and Coin. | Bullion and Coin, Gold and Silver. | | | | Circulation. | | | Deposits. | | |
|----------------------------------|------------------------------------|-----------------------------|--------|-----------------------|--------------|--------|--------|------------------------|----------|---------|
| | Issue Department. | Banking Depart- ment. | Total. | Number of Week. | Notes. | Bills. | Total. | Private Securities. | Private. | Public. |
| | | | | | | | | | | |
| 12.99 | 24.78 | 86 | 25.64 | 1 | 27.69 | 34 | 28.03 | 21.23 | 23.92 | 751 |
| 12.91 | 24.61 | 88 | 25.49 | 2 | 27.57 | 35 | 27.92 | 19.52 | 24.40 | 547 |
| 13.02 | 24.56 | 90 | 25.46 | 3 | 27.48 | 34 | 27.82 | 19.31 | 24.41 | 528 |
| 13.25 | 24.54 | 91 | 25.45 | 4 | 27.21 | 33 | 27.54 | 19.37 | 24.02 | 549 |
| 12.82 | 24.38 | 90 | 25.28 | 5 | 27.52 | 33 | 27.86 | 19.22 | 23.45 | 552 |
| 12.90 | 24.29 | 90 | 25.19 | 6 | 27.37 | 34 | 27.71 | 19.37 | 22.70 | 596 |
| 13.19 | 24.23 | 92 | 25.15 | 7 | 26.97 | 33 | 27.30 | 19.31 | 22.67 | 628 |
| 13.63 | 24.33 | 95 | 25.28 | 8 | 26.75 | 32 | 27.07 | 19.07 | 22.43 | 661 |
| 13.82 | 24.40 | 94 | 25.34 | 9 | 26.80 | 31 | 27.11 | 19.54 | 22.50 | 698 |
| 13.66 | 24.45 | 95 | 25.40 | 10 | 26.78 | 34 | 27.12 | 19.72 | 22.14 | 738 |
| 14.11 | 24.64 | 94 | 25.58 | 11 | 26.53 | 32 | 26.85 | 19.85 | 22.15 | 794 |
| 14.30 | 24.88 | 94 | 25.82 | 12 | 26.52 | 32 | 26.84 | 20.06 | 22.03 | 833 |
| 13.79 | 25.13 | 89 | 26.02 | 13 | 27.02 | 31 | 27.33 | 21.13 | 22.92 | 862 |

The Bank of England is the only bank in the country which is not a private bank. It is a public bank, and its operations are regulated by the Bank Act of 1844. The Bank of England is the only bank in the country which is not a private bank. It is a public bank, and its operations are regulated by the Bank Act of 1844. The Bank of England is the only bank in the country which is not a private bank. It is a public bank, and its operations are regulated by the Bank Act of 1844.

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| | | | | |
|----------------------|-----|-----|----------|------------|
| Government Deposits | ... | ... | Decrease | £1,200,000 |
| Private Securities | ... | ... | " | 1,910,000 |
| Bullion and Coin | ... | ... | " | 620,000 |
| Loanable Capital | ... | ... | " | 1,910,000 |
| Notes in Circulation | ... | ... | Increase | 1,400,000 |
| Private Deposits | ... | ... | " | 1,550,000 |

On pages 180 and 191 of Prof. Jevons' "Investigations in Currency and Finance" are some tables illustrative of these points. They are tables of the average variation of the Bank accounts from week to week of the month during the years 1862-71, and the years 1871-81, and the average variation from week to week of the quarter for the same periods. For the sake of the clear evidence they furnish, as to the monthly and quarterly variations, two of these tables for 1862-81, are here re-produced. The 1862-71 table very closely resembles these, and would lead to the same conclusions to be drawn to an insignificant extent.

TABLE XI.—AVERAGE VARIATION FROM WEEK TO WEEK OF THE MONTH, 1862-71.
(0,000's omitted.)

| (0,000's omitted.) | | | | | | | | | |
|-------------------------------------|-----------------------------|--------|-----------------------|--------------|--------|--------|------------------------|----------|---------|
| Bullion and Coin, Gold, and Silver. | | | | Circulation. | | | Deposits. | | |
| Issue Percent. | Banking Depart- ment. | Total. | Number of Week. | Notes. | Bills. | Total. | Private Securities. | Private. | Public. |
| | | | | | | | | | |
| | 88 | 17,88 | 1 | 22,78 | 58 | 23,36 | 19,69 | 16,99 | 6,54 |
| | 90 | 17,82 | 2 | 22,70 | 57 | 23,27 | 19,16 | 17,11 | 5,99 |
| | 91 | 17,88 | 3 | 22,53 | 57 | 23,10 | 18,97 | 16,99 | 6,13 |
| | 91 | 17,97 | 4 | 22,32 | 56 | 22,88 | 18,91 | 16,77 | 6,51 |
| | 92 | 18,40 | 5 | 22,25 | 53 | 22,78 | 20,64 | 16,66 | 8,79 |

TABLE XII.—AVERAGE VARIATION FROM WEEK TO WEEK OF THE QUARTER, 1872-81.
(0,000's omitted.)

| Bullion and Coin, Gold and Silver. | | | | Circulation. | | | Deposits. | | |
|------------------------------------|---------------------|--------|-----------------|--------------|--------|--------|---------------------|----------|---------|
| Issue Department. | Banking Department. | Total. | Number of Week. | Notes. | Bills. | Total. | Private Securities. | Private. | Public. |
| 12,99 | 24,78 | 25,64 | 1 | 27,69 | 34 | 28,03 | 21,23 | 23,92 | 751 |
| 12,91 | 24,61 | 25,49 | 2 | 27,57 | 35 | 27,92 | 19,52 | 24,40 | 547 |
| 13,02 | 24,56 | 25,46 | 3 | 27,48 | 34 | 27,82 | 19,31 | 24,41 | 528 |
| 13,25 | 24,54 | 25,45 | 4 | 27,21 | 33 | 27,54 | 19,37 | 24,02 | 549 |
| 12,82 | 24,38 | 25,28 | 5 | 27,52 | 33 | 27,85 | 19,22 | 23,45 | 552 |
| 12,90 | 24,29 | 25,19 | 6 | 27,37 | 34 | 27,71 | 19,37 | 22,70 | 596 |
| 13,19 | 24,23 | 25,15 | 7 | 26,97 | 33 | 27,30 | 19,31 | 22,67 | 628 |
| 13,53 | 24,33 | 25,28 | 8 | 26,75 | 32 | 27,07 | 19,07 | 22,43 | 661 |
| 13,82 | 24,40 | 25,34 | 9 | 26,80 | 31 | 27,11 | 19,54 | 22,50 | 698 |
| 13,66 | 24,45 | 25,40 | 10 | 26,78 | 34 | 27,12 | 19,72 | 22,14 | 738 |
| 14,11 | 24,64 | 25,58 | 11 | 26,53 | 32 | 26,85 | 19,85 | 22,15 | 794 |
| 14,30 | 24,88 | 25,82 | 12 | 26,52 | 32 | 26,84 | 20,06 | 22,03 | 833 |
| 13,79 | 25,13 | 26,02 | 13 | 27,02 | 31 | 27,33 | 21,13 | 22,92 | 862 |

The evidence of the statistics in the above tables is decisive in regard to the main points under discussion. We find from them that the amount of "private securities" is highest in the last week of the month, and falls rapidly in the first week, thus confirming the expected effect of the large payments of commercial bills on each "4th of the month." In the first week also, and arising partly from the same cause, the "private deposits" touch their highest point, and are at their lowest, or about their lowest, in the concluding week. The diminution in the bullion and in the reserve, and the increase in circulation, are also traceable, but the quarterly movement brings both these variations into more prominence.

Thus, at the very end of the quarter, in its thirteenth week, which really starts the movement that is developed in the first weeks of the (succeeding) quarter, we find a considerable average fall in the reserve of notes and coins from the two previous weeks; in the first week a still lower point is reached, and in the second week it has got down almost to its minimum average. Correspondingly, the amount of the circulation increases in the concluding week, and rises to its average maximum in the first week of each quarter. The very great drop in the "public deposits," in the first, second, and third weeks of the quarter, and their gradual rise to their maximum in the thirteenth week, are noticeable, although the explanation is obvious, and has been already commented upon.

Enough has now been said upon the quarterly and monthly variations. They are superficial, and arise from artificial causes, but an accurate knowledge of them is important for this reason, that it enables us to allow for what is thus caused, in studying the phenomena of the larger and more irregular movements.

II.

We approach a division of our subject confessedly more difficult when we attempt to treat of what has been termed the *annual tide* in commercial and financial affairs, perhaps more frequently spoken of as the autumnal pressure in the money market. Many years ago it began to be noticed that a movement of the kind existed, a fluctuation that required a full year to complete its period. The most prominent feature of the movement corresponded with the name given to it, viz., an "autumn drain" upon the stock of ready capital in the country. Observers saw that year by year the demand for gold coin, and for discount accommodation at the Bank, increased in the third and fourth quarters of the year, but especially in the fourth, and that almost invariably it was in the months of October and November that the reserve of notes and coin fell to its minimum. It was also remarked that at the same season of the year generally commercial difficulties were most felt, and the great crises either commenced

or culminated. Whether the frequent occurrence of commercial disasters in the months of October and November made the money market more sensitive and thus induced this peculiar drain on its resources, or whether there is something in the special operations of autumn that tends to intensify difficulty and to precipitate crisis, has been made a question. A general consent has been arrived at among those best entitled to an opinion, in favour of the latter solution ; a consent that appears to be well justified by all the known facts of the case. All the evidence points to autumn, and more particularly the month of October, as forming the culminating period of the year's business.

The character of the fluctuation cannot be better described than in words read before the Manchester Statistical Society in 1857 by Mr. William Langton, a Manchester banker, who spoke of this movement as follows :—

“It has an annual increment and collapse, doubtless connected with the action of the seasons upon trade. In the midst of other disturbances, this wave may be traced in the magnitude of the operations of the third and fourth quarters, and the almost invariable lull in the second quarter, the third being generally marked by rapid increase in the demand for accommodation at the Bank. The culminating point in the movement, originating in the third quarter of the year, appears to be a moment favourable to the bursting of those periodical storms in which the commercial difficulties in the country find their crisis.”

The effects of this annual tide are, in a word, the expansion of the currency from July to November, and then its contraction, until in March it reaches a minimum and remains low, with some slight variations, during April, May and June.

Professor Jevons has succeeded in showing that the October drain is most marked in the impression it makes on the movements of *coin*. Taking figures supplied by the “Miscellaneous Statistics of the Board of Trade,” he finds that the gold required by the branches of the Bank of England in October is of greater amount than in any other month of the year, and is more than double the amount wanted in any other month of the year, excepting November and January. He brings out a confirmatory result in the following striking table :—

**AVERAGE EXCESS (1855-62) OF PAYMENTS OR RECEIPTS OF BRITISH
COIN AT THE BANK OF ENGLAND.**

| | Excess of Payments. | Excess of Receipts. |
|---------------------------|---------------------------|---------------------------|
| | £ | £ |
| January (dividend) | 168,000 | ... |
| February | ... | 307,000 |
| March | 111,000 | ... |
| April (dividend) | 808,000 | ... |
| May | 363,000 | ... |
| June | ... | 74,000 |
| July (dividend) | 763,000 | ... |
| August | 529,000 | ... |
| September | 704,000 | ... |
| October (dividend) | 1,509,000 | ... |
| November | 258,000 | ... |
| December | 123,000 | ... |

These figures illustrate the extra issue of coin caused by the dividend payments, but they set in still more striking light the autumn demand for gold, and its extraordinary maximum in the month of October. If we take the four months beginning with July, we find the excess payments of coin at the Bank during that third of the year are half-a-million more than double the amount of excess payments during the other two-thirds.

Up to a certain point the reasons are obvious for such a movement as has been described. When the harvest has been gathered in it is ready to be sold, and much of it is sold immediately. This means an immense stimulus to all kinds of trade, and one way in which that stimulus will be felt will be the withdrawal of deposit money to be used in the purchase of the produce of the harvest. Besides the demand that can thus be directly traced to agriculture, it is well understood that in many trades operations have to be carried on out of doors, and, therefore, are most active in the summer; wages in these trades absorb a large quantity of coin, and much of that coin, for a reason which Prof. Jevons explains, will only return very slowly into the keeping of bankers—for this reason, namely, that the summer wages of many such workmen form a part of their winter support. Besides these causes of disturbance, there is a special demand arising twice a year for Scotland and Ireland, especially the former. In Scotland the two seasons for half-yearly payments are May and November, and the supply of gold for the latter month has to be provided at the very time when extra pressure is felt throughout the country.

It is argued, however, that all these reasons are insufficient to show why the demand should not come gradually, why it should fall upon the money market with such suddenness in the month of October. The table given above proves that the drain is more gradual than it appears, for the amount of coin required from July to September is a very great advance above that required for the earlier part of the year. Nor does it at all follow that a demand which at last comes suddenly upon the central reserve of coin is one that has actually arisen at a moment all over the country. The peculiar constitution of our banking system must be borne in mind. Wisely or unwisely, for good or evil, it is a one-reserve system. The smaller dealers in money are grouped round the one greatest dealer in money. The country banker has his spare cash in London, with his banker there, and the London bankers theirs with the central institution, the Bank of England. This applies not only to English provincial bankers, but to the Scotch and Irish banks also. A general demand for money springing up throughout the country works in this way. The deposits with the country bankers and branch bank offices are everywhere drawn upon, and gradually the stock of ready cash diminished to a low point. These bankers must then, in order to replenish their stocks, have recourse to their London bankers, and they in turn to the one great reserve of money in the keeping of the Bank of England. It is thus that a demand, which really has grown gradually, may come to appear like a sudden demand. And, as accounting for the pressure falling particularly upon October, it has been suggested that the falling due of the dividends affords the bankers a favourable opportunity of replenishing their stock of coin. There is another important consideration. An internal drain in autumn is more likely than at other seasons of the year to be combined with a demand from abroad. A foreign demand will arise in autumn if the home harvest is bad, for this will necessitate larger imports, to the extent probably of some millions, to be paid for either wholly or in part by an export of bullion.

The tables that are to be found in Professor Jevons' valuable volume inform us fully as to the annual fluctuation, so far as that can be judged from any analysis of the accounts of the Bank of England. From an elaborate statement (table iv.) on the "divergence of the Bank accounts from their average condition, after elimination of the quarterly variation" (1845-61), we gather the following results.

(a) The reserves of notes and coin is at its minimum (£650,000 under its average condition) in the fourth week of October, and in the four weeks from the third week of October inclusive, is very much lower than at any other period of the year. From this point it rises steadily until in the third and fourth weeks of February it reaches its maximum (£580,000 over average); in May it is again low, but rises from the middle of June to a higher point in July and the beginning of August. From the middle of August there is a rapid

and continuous fall. Throughout the whole of the last quarter of the year the average is very decidedly lower than in any other quarter. The second quarter sees a considerable fall, which is deepest at the end of the second and beginning of the third.

(b) The changes in the amount of the circulation are not quite so marked, but they also point to the annual fluctuation. The maximum occurs in the first week of October, and is £300,000 above the average condition.

(c) There is a similar ebb and flow in "Private Securities." Throughout the whole of the fourth quarter they very greatly exceed their average, reaching a very high point in the third week of October and their maximum in November—£960,000 over average.

The tables of the same accounts for 1862-71, and for 1872-81, exhibit the same drain upon the reserve in the last three months of the year, and what Professor Jevons has termed the "double oscillation" in that and some other accounts; but there are some discrepancies between these figures and those for the earlier period that require attention and explanation. In the ten years, 1862-71, the minimum average of the reserve does not occur either in October or November, but in May, the weeks ending 17th, 24th, and 31st of that month, all having a lower average in this important account than any other week in the year. For these particular years an explanation of this discrepancy readily presents itself, and may be taken as the true and sufficient explanation, viz., that these averages are affected considerably by the circumstances of the crisis of 1866. That great disturbance of credit undoubtedly commenced in the autumn of 1865, but it only reached its height in May, 1866. All the extremest effects of an autumn pressure, and of a great panic combined, fell upon the spring of 1866, with such severity, as undoubtedly to act upon the averages of the period in which it is included. The very same explanation applies to the fact of the maximum average of the "Private Securities" occurring also for those years in the month of May, when, according to the average of a much longer period, they should be low and approaching their minimum. Some special explanation, also, will probably account for the very high average of "Private Securities" from March to May in 1872-81.

These discrepancies notwithstanding, the annual tide in the business of the country is as marked in the accounts for 1872-81 as in those for 1845-61, and especially as regards the demand for actual money, which is to the banker the most important and most dangerous feature of commercial fluctuations.

Danger, however, should hardly arise in the case of those regular variations that can be expected with the return of the seasons. Much can be done in the way of precaution, when a difficulty is thus foreseen. If it is ascertained that the stock of actual cash usually runs very low in the autumn, steps may be taken beforehand to

maintain and replenish that stock ; and, on the other hand, it should be recognized that an extra demand for gold is at that season natural and ordinary, and thus needless alarm be avoided.

III.

The regular and quickly recurring variations in commercial and financial affairs having now been touched upon, there remains another species of fluctuations, probably the most important of all, and the hardest to account for satisfactorily. These are the Commercial Crises proper which come periodically, at intervals of ten or eleven years, and are long remembered by the disaster and ruin they leave behind them. Although they are not counted among the regular commercial fluctuations, it is still one of the most remarkable circumstances attending them, that they have an undoubted periodicity, and that the divergence has been slight in the length of the intervals that have separated them. An enquiry into their nature and causes may be divided under the following heads :—

- 1.—What is properly understood by a Commercial Crisis ?
- 2.—How do Commercial Crises arise ?
- 3.—Can any explanation be given of their periodical recurrence, or any reason for the particular period of ten or eleven years ?

We may take these three questions in their order, and, as far as possible, deal with them separately.

1.—A Commercial Crisis is, in one word, a *collapse of credit*. In all countries where commerce is highly organized, credit has superseded the system of merely cash transactions, and England is the country where this process has been carried furthest. In England, more than any other country, the discrepancy is wide between the immense transactions of trade and the actual reserve of money, upon which the credit system rests. This highly-developed organization is not all gain ; it brings with it dangers of its own. The day is always liable to come, and sometimes it does come, when the credit system is put to the test, and an attempt is made to call in those debts payable on demand, which form by far the greatest proportion of the liability of our credit institutions. Whenever the attempt is seriously made, it is very speedily seen to be impossible of realization. In England, therefore, there is a peculiar liability to commercial and financial panics. These may arise in many different ways ; many different kinds of accidents may form their immediate causes ; they may affect now one class of industries most severely, and again another ; but the pressure and the calamities they cause are always due to this feature of them, that they mean a collapse of credit. To bankers particularly, it matters little what are the distinctive circumstances in the origin of any such crisis. The one feature common to them all, which concerns bankers more than all the rest

of the commercial community, is a great and universal demand for actual cash. As credit is simply "the disposition of one man to trust another," to confide in his promise to pay, so such a demand arises from a contrary disposition, from a spirit of suspicion and distrust laying hold on the minds of business men. At such a time many traders who used to be trusted implicitly, begin to be suspected, their solvency questioned, and many begin to fear that suspicion may be attaching itself to them. The result is two-fold; those who are distrusted, if they are in a weak position, are unable to stand the sudden contraction of their credit, and fall; and all merchants take steps to strengthen themselves to meet their engagements, by increasing their command over actual cash, the best and only means. If this mood of distrust rises to panic, it necessarily entails calamity. Actual cash cannot be provided for all possible demands. The credit system cannot, if it breaks down, be replaced by a cash system in a day. At any moment a shock to credit of much violence may produce these evil consequences, because the condition of them remains permanently with us in the vast disparity between the great system of credit transactions and the cash reserve that forms their basis.

Mr. Bagehot, in his "*Lombard Street*," points out very clearly how this condition of things has been aggravated, and this demand for cash rendered more effective, by the development of our banking system, and the spread of banking facilities into the remotest corners of the country; for this has brought about a great change in the manner in which the money of the nation is disposed of. Where banking institutions are less known and less trusted, the treasure of the rich and the savings of the poor are not deposited, as they are here, in the keeping of bankers. Money is hoarded, and exists, as it were, in a thousand separate tanks and cisterns, instead of being drained off like ours, into great rivers and lakes. The capital of the nation is with us made usable as no capital ever was before. The modern system of banking has created a money market in London, such as has never existed elsewhere in the world. This high development, doubtless, gives continual support and stimulus to trade; but with this element of risk always present, that the deposit money that forms the chief part of the resources of bankers, is repayable to the depositors on demand.

It is here that the pinch of a great commercial and financial crisis comes; this is its acute stage, arrived at in the end by whatever particular accidents the crisis may have started, or by whatever special circumstances it may have been distinguished. If the panic goes on, it culminates in the putting in force of this always possible demand for the deposit money which is held by bankers. We know by experience that such a demand speedily exhausts the supply, and that frequently it has been only by the use of extraordinary and extra-legal means that the violence of the panic has been overcome.

2.—In the preceding paragraphs has been described what is generally understood by a commercial crisis, but such monetary pressure and difficulty, in reality, only form the culminating point in a great fluctuation, of which the panic is nothing more than the most striking symptom or sign. Our next question—how such Crises originate?—is to be best answered by considering what is the usual course of these great fluctuations.

The immediate starting-point of a panic has often been a visible diminution of available capital, as exhibited in the decrease of the reserve of the Bank of England. It is not surprising that such a decrease, if carried to any unusual extent, should give rise to alarm, for it is a symptom of danger, and an index of the general diminution of the available capital of the country. Fully to account for such a general drain upon the available resources of the community is in reality to explain the origin of commercial crises.

No doubt drains of this kind have often been occasioned by circumstances that might strictly be called accidental. A sudden necessity has sometimes arisen, for example, after a bad harvest, to import largely some of the first necessities of life. A striking instance of this occurred in the panic year 1847 and the years immediately preceding it. Wars or huge new speculations may be and have been causes of great pressure upon the ready capital of the nation. For any one of these events necessitates a transfer of capital, and if the scale of operations is large, bullion has to be employed to carry them through. So far as events of this kind are rightly termed accidental, they do not come within the scope of our enquiry. But apart from these accidents, great variations take place in the amount of capital available for the requirements of trade.

There is a reason, obvious on the very surface, for such fluctuations. Seasons vary widely in their character; they may be extremely favourable or extremely unfavourable to agriculture, and the difference to the wealth of the country extends to very many millions sterling. When we reflect that favourable and unfavourable years do not usually come singly, but in groups, it becomes manifest that the effects produced by such alternation upon the national prosperity must be immense. The overplus in years of plenty is so much added to our floating capital, the deficiency in years of scarcity is so much deducted from it. Mr. Wilson, in his "Capital, Currency, and Banking," published in 1840, gives some statistics which set this point in a very vivid light. Taking a stated average consumption of wheat, which he puts, arbitrarily for the purposes of the inquiry, at 16,000,000 quarters, he shows what must have been the cost to the nation of this prime necessity in each of the years named.

| | Average price. | Whole cost of Wheat. | Cost of Foreign Wheat consumed, at 15s. per qr. less than British average. |
|------|----------------|----------------------|--|
| | s. d. | £ | £ |
| 1817 | 94 0 | 75,200,000 | 4,032,748 |
| 1822 | 43 8 | 33,600,000 | <i>Nil.</i> |
| 1829 | 66 8 | 53,000,000 | 3,495,813 |
| 1835 | 39 4 | 31,400,000 | 34,654 |
| 1839 | 70 8 | 56,533,833 | 7,515,864 |

In such figures alone there is sufficient explanation of very great fluctuations in the trade and prosperity of the country. It is a well-understood fact in political economy that a good harvest, and more especially a succession of good harvests, is the first condition of general commercial improvement, for the amount saved in the purchase of food goes into the common stock which is available for all other purposes.

It is, however, one of the most noticeable circumstances in the recurrence of crises, that they come as a rule not, as we might expect, after a series of bad years, when harvests have been poor and food dear, but after a succession of plentiful seasons. The visible scarcity of loanable capital, and the rapid rise in the rate of discount, which mark the development of a crisis, usually follow a continued abundance of capital and a long period of cheap money. The process has been often described. There come a few prosperous years, succeeding each other, during which the savings of the country accumulate. Our floating capital increases beyond the amount that the normal expansion of the industries require. Savings grow faster than the outlet for them in investments. The abundance of money makes it cheap, and easily obtainable for any project that offers reasonable chance of profit; and with the overplus of accumulation the demand becomes stronger for channels of investment. All circumstances, then, combine to set in motion a spirit of active enterprise in commerce and finance. There is cheap money; there is a necessity for investment; and there is the hopeful and sanguine spirit engendered by prosperous times, so that it has almost invariably happened that a severe crisis in commercial affairs has been preceded by a period of speculation. The investing mania has been directed to very various objects, determined by the circumstances of the time, some intrinsically worthless, others of the highest permanent value, but it has always very speedily turned a superabundance of available capital into a scarcity. The reason is this, that such investments mean the rapid conversion of *floating* into *fixed* capital; an operation that involves the withdrawal from the ordinary industries of the capital needful for their support and due expansion. The process has been described as follows by a distinguished financial writer, Mr. James Wilson.*

* "Capital, Currency, and Banking," 1840.

"Suppose such an unusual expenditure to take place in the construction of a railway. Suppose £25,000,000 raised by the directors by 'calls.' The shareholders, from their various sources, transfer to the directors the command over so many commodities, and a new consumption to this extent is suddenly called into existence. The demand for labour is increased, wages rise in all branches connected with the operation in question, and a greatly increased consumption begins. The chief articles of which such increase in consumption takes place are those of food ; but while this increase of consumption goes on, there is rather a tendency for production to diminish, in consequence of the higher wages, and in some places the withdrawal of labour from field industry to railways. The consequence is, that with such increased consumption and the higher price which ensues, large importations are promoted to make up the quantity required for such increased consumption ; but for those importations there are no commodities called into existence to be exported in payment of them. On the contrary, at such a moment, in place of an increase of exports corresponding with the food imported, the tendency which all commodities have to rise in price in the home market, has rather the effect of checking and lessening the amount of our exports, when they require most to be increased."

Here, then, we have what may be termed the natural history of a commercial crisis, in the three distinct stages of *accumulation, excitement and reaction*. All these are to be observed in the circumstances attending most of the crises through which our commerce has passed. The remarkable panic of 1825 was preceded by three years of plentiful harvests and cheap food in 1820, 1821 and 1822 ; and the accumulations of those years gave the means, while the general prosperity gave the stimulus, to a great investing mania. Foreign loans and foreign mining schemes became the principal objects of speculation, but to these were added many great projects at home of the most diverse kinds. The money actually paid in taking up these foreign loans and starting the various companies then projected, is stated by Mr. Wilson, on the authority of a parliamentary return, at £34,000,000. The investing craze, moreover, extended to all kinds of produce, of which large stocks were accumulated by merchants, in the belief that the higher range of prices they had reached would be permanently maintained. Such a movement of rapid absorption of capital had its usual and inevitable effect, as to which Mr. Bagehot lays it down as a law, that, when the time of reaction comes, money will grow scarce and dear more quickly and to a greater degree than previously it became plentiful and cheap. Similar processes are to be traced in the crises that have followed that of 1825 ; the mischievous element in all being an expenditure of our floating capital beyond what the means of the country could fairly afford.

We have to keep in view the important fact that one of the most dangerous features of a crisis, viz., a foreign drain of bullion,

is as likely to arise from an undue expenditure in speculations at home as from an undue expenditure in foreign loans or foreign undertakings, if not, indeed, even more likely. This follows, because such an expenditure causes a larger importation of food and other articles, while the production of articles that can be exported is at such a time liable to be reduced, thus increasing the debts we owe abroad, payment of which may be required in bullion.

Before passing from the origin and course of commercial and financial crises, a word should be said as to the way in which they are usually terminated. We have seen that the agony of such a crisis consists in the danger of an extreme scarcity of available capital, and the apprehension which affects merchants and traders that it may be unobtainable when they most require it. For this scarcity there are two correctives, one natural and another artificial. The natural corrective is simply that the price of money in relation to other commodities should rise. When the rate of discount is raised, trade at home is thereby restricted, prices of all articles tend to fall, exportation is promoted, and the course of the foreign exchanges being thus altered, capital is attracted instead of being sent abroad. The artificial corrective is one with which the crises of 1847, 1857 and 1866 have made us familiar, viz., a relaxation of the law that at present binds the currency within certain rigid limits.

3.—We come next to the question, whether any reason can be given for the periodical recurrence of crises, or any explanation of the term of ten or eleven years.

It is, in the first place, most natural that fluctuations in the condition of trade, so great as those we are considering, should require a considerable period to complete themselves in. It has often been pointed out, and most luminously by Mr. Bagehot, that the prosperity and adversity, which alternately recur to the commerce of the country, demand a certain *time* for their full effects. The reason is, that such prosperity or its opposite *spreads from particular industries to all industries*. As the profits of one industry are expended upon the productions of the rest, the success or failure of one affects all the rest, and if the industry first touched is a large one, the difference made to the general welfare is great. But it can only be felt gradually. It requires time to permeate the whole trade of the country, though ultimately it does permeate it. Thus, if after a time of depression, a good harvest makes agriculture prosperous, the full effect of that prosperity will only be realized after a lapse of many months, and, it may be, of some years, and *vice versâ*. Therefore, it is reasonable to expect that the commercial pendulum must have a space of years in which to sweep from depression to activity and back again.

But this period of fluctuation is well defined. It is recognized as an established fact, that in ten or eleven years similar conditions recur, and a cycle appears to be completed. The body of evidence

upon this point is irresistible, at least to the extent of showing that a strong tendency exists for the recurrence of crises within such a period.

The experience of the present generation in this respect, when the wave has ebbed and flowed between 1847 and 1857, 1857 and 1866, 1866 and 1878, has been only the repetition of the experience of the generation preceding, and the history of the 19th century only the reflection of that of the 18th. Professor Jevons asserts that there is more or less evidence that trade reached a maximum of activity in or about the years 1701, 1711, 1721, 1732, 1742, 1753, 1763, 1772, 1783, 1793, 1805, 1815, 1825, 1837, 1847, 1857, and 1866.

A vast amount of speculative inquiry has been expended upon this periodicity of crises, but the results remain somewhat vague. Several most able writers on the subject have agreed to ascribe it to some meteorological cause, working through the harvests of the world. A very elaborate argument has been built up by Professor Jevons connecting trade fluctuations with variations in the condition of the sun. The tenor of the argument is as follows:—

Nothing affects trade so much as the productiveness of the earth. That productiveness depends very greatly, indeed most of all, upon the action of the sun. The condition of the sun is known to vary, and the period of its variations has been fixed by the latest scientific enquirers at 10·45 years. This period either exactly, or with the slightest possible divergence, corresponds with the average period of commercial fluctuations during the last two centuries. Therefore, it is argued, that as “the effects of a periodically varying cause are themselves periodic, and usually go through their phases in periods of time equal to those of the cause,” the sun-spot period is connected with the fluctuations of commerce as cause and effect.

Besides the general truth that trade depends on harvests, and harvests upon the sun, there is a good deal of evidence to support such a theory. It is affirmed that there is a decided tendency to decennial variation in the vintages of Europe, the noted vintages being separated from each other by intervals of ten or eleven years. Such a variation cannot well be accounted for except by periodic changes in the conditions of climate. Professor Jevons confesses, on the other hand, that evidence which he had looked for cannot be found in a corresponding variation in the price of corn in Europe. But he has discovered a very remarkable table of the price of wheat at Delhi in successive years, from 1763 to 1836, in which a decennial fluctuation of scarcity and plenty is very distinctly exhibited. And his argument from this is two-fold—that the influence of the sun's variation is most distinctly felt in tropical and semi-tropical countries, causing in them abundance and famine to alternate, and that as a vast proportion of the whole population of the globe inhabit such countries, the effect of their prosperity or poverty is felt acutely in the markets of Europe. So that a relation has been, he says, justly

traced between the activity of trade in Lancashire and the price of rice in India. And the conclusion is, that it is the periodic variation in the important demand from the East for English goods which mainly makes good or bad trade for us, and causes our commercial fluctuations, and that the variation in the Indian and Chinese trade is determined by the variation in the sun's condition, as affecting the harvests of those countries.

Of the accuracy of this theory the present writer cannot pretend to judge. Upon the whole, the evidence seems to point clearly to a cycle of seasons as the first determining element in the variations; further it does not seem possible yet to go with certainty. Nor does it seem entirely consistent with the facts, as far as they are known, to leave out of sight the circumstance that crises have occurred which cannot be made to correspond, in point of time, with the ten or eleven year period, or to ignore the fact, that panics cannot be wholly accounted for in any instance on purely physical grounds, that there is something mental in their nature which often makes the immediate causes or provocations of them appear disproportionately small when viewed in the light of the consequences.

IV.

In this paper the endeavour has been made rather to present in clear summary the knowledge that has already been gathered by able enquirers than to break new ground. After what has been said in every part of the paper as to the real nature of commercial crises, it is not needful to point out how intimately they concern the business of banking, and how valuable to bankers a thorough knowledge of the course of these fluctuations must be. One truth that must make itself obvious in every such enquiry is the extreme delicacy of the financial machinery with which we have to do, and, therefore, the necessity for extreme care on the part of those whose success in business depends very much upon the smooth working of that machinery. The perfecting of the banking system has enabled us to dispense, to an incredible degree, with the use of actual money. We have, as it has been well said, returned to a species of barter, on the largest scale. It is wise to keep in view the fact that money, actual money, is still liable to be demanded, and that the provision of a due reserve is a first condition of safety. The ability to judge wisely of this necessity, and to foresee special occasion for adequate provision, cannot but be helped and furthered by the study of commercial fluctuations.

THE SILVER CURRENCY OF THE UNITED STATES.

THE events of the last few months have made a very great change in the position of this question in the minds of the people of the United States. Hitherto, the arguments adduced on either side had, for the most part, presented the question as one of theory or principle; and though there have been predictions in plenty of evils to come, they have been too generally regarded as produced by the wish that is proverbially known to be "father to the thought." At any rate, when, but a few months ago, Governor Cleveland assumed office as President, the cautions and remonstrances on the subject of the silver coinage which he deemed it necessary to utter were put down rather as an indication of the platform of a politician than as a direction on the part of the highest authority as to the necessity for a change of policy. But the course of events in June and July have brought home to the community very sharply the conviction that these predictions were no idle cries, and that unless speedy action is taken, they will have to choose between the gold and the silver standards, or rather, will have a silver standard forced upon them. If there are even now any lingering doubts as to which of the two they should prefer, they ought to be set at rest by the contemplation of the fact that everyone is willing to pay in silver and to receive in gold.

The extent and variety of the paper currency of the United States have been very recently described in this journal, and, although it may be supposed that at present the battle is only between the two metals, it will be seen that the importance of the conflict is mainly owing to the vast mass of paper obligations whose value will be decided by the issue. This, of course, depends upon the proportion in which the whole funds available for redemption are divided between gold and silver. It is not in any way necessary, or to be expected, that the Government should be able at any time to take up the whole of its demand obligations, but only that it should at all times have enough of the standard metal, whatever it may be, to satisfy without hesitation such demands as are likely in the current course of events to be made upon it. It is contended that both gold and silver may be made equally available for this purpose, by the mere act of decreeing a fixed ratio between them, but, without in any way entering into the great bi-metallist controversy, it cannot be denied that the public will only take the two metals indiscriminately as long as they find them equally useful. Whether the proposed agreement among nations as to a common ratio between gold and silver is, or is not to be desired, is again a point we may entirely pass by for the present; the fact is that the agreement does not yet exist, and until it is arrived at the two metals are not equally useful. They may, perhaps, by decree be made nominally equal within the limits of

each country, but as one will be available for export and the other will not be so, except at a fluctuating price as any other merchandise, it is obvious that there is no real parity between them. This being so, the equality of use depends entirely upon the proportion in which the one which is available only for home use is issued. So long as that proportion is only such as is required for use as a subsidiary currency it is as readily received as offered, but directly these limits are passed a discrimination will be made in favour of the metal which is available for export.

The critical condition of affairs in the United States has been entirely brought about by legislation which has ignored these fundamental truths, and endeavoured to fix a ratio between two commodities, without having any regard to the relative demand for them. Although the silver dollar existed as full legal tender from 1792, and silver alone was in circulation for about forty years thereafter, the whole coinage of these dollars, up to 1852, amounted only to 2,506,890. Smaller silver coins of proportional weight, and also of full legal tender, were coined during the same time to the value of nearly 77 millions of dollars. Between 1853 and 1873 there were coined 5,588,948 standard dollars, and about 60 millions of dollars' worth of smaller coins. Probably, in these figures is included a considerable amount of worn coin that had been withdrawn and re-coined, but in any case nothing appears to have been aimed at beyond supplying the demand for silver coin, and the whole amount was no more than might fairly be expected to be absorbed. The first attempt at creating a demand to meet the increased supply of silver was in 1873, when the coinage of the "trade dollar," containing 420 grains of standard silver, was authorised. In this year the price of silver fluctuated greatly, averaging only 58½d. per ounce, and the avowed object of the new coinage was to provide a coin that should be acceptable to the Chinese and other Eastern nations, at least equally with the Mexican dollar, and thus secure a market for a large part of the produce of the silver mines of the States. Precautions were taken against flooding the home markets with this coinage by the provision that it should be legal tender only in sums not exceeding five dollars. This Act was not altogether successful, either as to its immediate or ultimate objects. The Mexican dollar had the advantage of long standing reputation and still maintained its ground, whilst other causes also contributed to bring down the price of silver until, in 1876, it averaged only 55 pence per ounce. In this year, by Joint Resolution of the Senate and the House of Representatives, the trade dollar was deprived of its legal tender quality, and the issue of that coin henceforth limited to an amount sufficient to meet the demand for export. The whole amount of trade dollars coined up to the end of June, 1883, was \$35,960,446, and it has been estimated that not more than five or eight millions of them remained in the States.

With the object of redeeming the paper fractional currency, the

Secretary of the Treasury was authorised, in 1876, to issue in exchange silver coins of the denominations of ten, twenty, twenty-five and fifty cents ; but it was provided that the whole amount, both of this coinage and of the paper-fractional currency, outstanding at any one time, should not exceed fifty millions of dollars. With the exception of the twenty-cent piece, which was introduced in 1875, silver coins of these denominations had long formed part of the authorised currency, and were legal tenders to the extent of five dollars in any one payment. They were all of considerably less value than their proportionate parts of the silver dollar, as, whilst the standard dollar by the Act of 1837 was fixed at 412½ grains, and the trade dollar by the Act of 1873 at 420 grains, the fractional currency, as authorised by the Act of 1853, weighed only 384 grains per dollar, and, by the Act of 1873, the weight was fixed at 25 grammes, or 385·8 grains per dollar. The amount of this currency that was coined from 1873 to the end of June, 1880, was \$47,497,440. During these seven years the paper fractional currency was reduced to the extent of more than thirty millions of dollars, and, therefore, these issues of silver coin were probably not more than was then necessary for use as subsidiary coinage.

In 1878, the price of silver having still further declined, a new departure was made, and the Act, since known as the "Bland Act," "to authorise the coinage of the standard silver dollar, and to restore its legal tender character," was passed over the veto of President Hayes in the customary manner, that is to say, by resolution of two-thirds of the members of each House. Whatever may be the character that has since been assigned to this Act, its object at the time was avowedly to stimulate the demand for the products of the home silver mines, in part by the actual consumption of silver for the coinage authorized and prescribed, and in part as a contribution to that common consent with European nations as to a fixed ratio of which we have since heard so much. By this Act the Secretary of the Treasury "is authorised and directed to purchase, from time to time, silver bullion, at the market price thereof, not less than two million dollars' worth per month, nor more than four million dollars' worth per month, and cause the same to be coined monthly, as fast as so purchased, into such dollars." These directions have been since steadily complied with, to an extent averaging somewhat more than the minimum amount prescribed, the total having averaged nearly twenty-eight millions of dollars per annum. From the passage of the Act up to the 1st November, 1884, the number of dollars coined had been 184,730,829, of which 142,926,725 then remained in the Treasury. The authors of the law foreseeing the probability of these dollars being left in the hands of the Government, invented an ingenious fiction, to give them some semblance of usefulness. The Secretary of the Treasury was authorised to receive them on deposit, and issue therefor certificates in denominations of not less than ten dollars each, redeemable by payment in the silver dollars deposited. Of course, if this had been the only method of redemption, the

public would not have taken them any more freely than the public themselves, but as they were made receivable for all taxes and public duties, including duties upon imports, for which Government legal tender notes are not available, holders can always get their value without the fear of having the silver dollars forced upon them. More than this, the demand for these certificates has been stimulated by the arrangements made for their issue. They have been issued in one part of the Union against payment made in gold at another part, and thus have enabled a remitter to save all the cost of exchange, or of the shipment of gold to distant cities. During the year ending 31st October, 1884, no less than \$69,625,500 of these certificates were issued from the sub-treasuries in the West and South against deposits of gold coin made with the Assistant Treasurer at New York. Notwithstanding this, there remained in the Treasury at the last-named date, 42,455,164 silver dollars, against which no certificates had been issued. The net result of these arrangements has been, to put it shortly, that the Treasury has yearly invested nearly six millions sterling in the purchase of a commodity for which it has no sort of use and for which there is no real demand; a commodity, which, in common with all others, fluctuates in prices from day to day, and which at the present moment is worth, generally, considerably less than the price at which it has been purchased. In fact, contrary to the general practice of business men, the Government has been purchasing and holding stocks of an article whose value was visibly falling, and was expected to fall still further, and which the business men of the West declined to hold themselves.

The price of silver which, in 1878, averaged 52½d. per oz., fell, after many fluctuations, to an average of 50½d. in 1884, and probably the whole amount coined during these years was purchased at an average of 51½d. At the present moment the price is, with difficulty, maintained at 47½d., showing a fall of between 7 and 8 per cent. Taking the standard dollars in the Treasury at 170 millions, the investment shows at the present time a loss of more than 13 millions of dollars. This is without reckoning the cost of minting, which is a farther absolute loss, as, even if it be contended that the deposit of silver adds to the security of the silver certificates, a position which it would be difficult to maintain, it is certain that no one contemplates taking payment in the dollars. Altogether the present loss is probably little short of 15 millions of dollars.

It might have been thought that these considerations would have been plainly apparent to every one. It was evident almost from the first that the public did not want the silver dollars. They are bulky and inconvenient coins, and, as there are twenty-seven millions of one-dollar notes in circulation, it is rather a matter of surprise that even forty millions of the silver dollars should have remained in the hands of the people. Our own experience is decidedly against the use of the five-shilling piece, which weighs but little more

than the dollar, whilst we are without any small notes to supply its place. There has been, too, a gradually increasing amount of the subsidiary coinage accumulating uselessly in the Treasury, and testifying to the over-supply. The gathering gravity of the situation has undoubtedly been chiefly disguised by the practice of issuing the silver-certificates. At the time of passing the Bland Act, there were about 700 millions of dollars of paper currency in circulation, but large as this amount is, it has hardly sufficed for the growing demands of business. Yet several circumstances have prevented any increase of the ordinary bank notes. The Government legal-tender notes were limited by the Acts of 1875 and 1878 to the amount outstanding in the latter year, though there is little doubt that a considerably larger amount would now be absorbed. The constantly increasing price of Government bonds, against deposits of which the National bank notes are issued, has prevented the bankers from increasing their circulation. In fact, the increased premiums obtainable have tempted many of them to retire their circulation and withdraw their bonds from deposit, and sell them. In this way the National Bank circulation has been decreased by thirty millions of dollars in the last three years. For these reasons the gold-certificates and silver-certificates have met with ready acceptance, whilst the latter have been preferred, partly because they are issued of a denomination as low as ten dollars, and partly because of the advantageous arrangements made by the Treasury officials for their issue.

But all these circumstances, although they have disguised the real tendency of the continued coinage of silver, have not in any way assisted to avoid its consequences. If it is not necessary, according to law, that the obligations of the Treasury should be satisfied in gold, it is quite certain that to meet them in silver would create a disturbance in trade that would be little short of panic. Of the attitude which the National banks of New York have adopted and steadily maintained with regard to this question we are all well aware. Their perception of its necessity is by no means diminished by recent events, and, if for the moment they have made some concessions, it has only been to avert worse disasters. The requirements of the last National Banking Act compelled the Clearing House to rescind their resolution excluding the silver-certificates from use in settlement of balances, but the understanding among themselves and with the Treasury officials that none of them should be offered in payment has been adhered to. Upon one occasion during the present year it was arranged that payment should be made and accepted in silver-certificates, in order that a satisfactory answer might be given to an expected question on the subject by a member of Congress. In the ordinary way, these certificates are neither held nor used by the banks of New York, and their only function in that city appears to be for the payment of Government dues. In the receipts for Customs' duties they have, for some months past, formed a gradually increasing item. The following table was given in the *New York Banking Magazine* for June :—

| | Gold and Gold-certifi- cates. | Silver dollars and Silver- certificates. | U. S. notes. |
|---|-------------------------------------|--|--------------|
| Monthly average for 12 months to June 30, 1884 | 69·1 | 22·2 | 8·7 |
| Monthly average for 6 months to Dec. 31, 1884 | 34·8 | 34·9 | 30·3 |
| January, 1885 | 27·6 | 40·7 | 31·6 |
| February „ | 31·9 | 31·9 | 36·2 |
| March „ | 41·0 | 34·9 | 24·1 |
| April „ | 38·9 | 41·9 | 19·2 |

From this the growing embarrassment of the Treasury may be readily inferred. The gold receipts had dropped from more than 69 per cent. during 1884 to an average of about 34 per cent. during the first four months of the present year, although the gold-certificates issued had greatly increased. The silver receipts had risen from 22·2 per cent. to nearly 40 per cent., whilst the silver-certificates in circulation were about the same in amount at both periods: and the Treasury, whilst receiving less than 9 per cent. in its own notes in June, 1884, took latterly nearly 30 per cent. in the same medium. The effect of this upon the position of the Treasury is seen by the following table giving the “net” gold and silver in the Treasury at the same dates. By this is to be understood the gold and silver in hand, less the amounts actually hypothecated to the payment of the certificates of both classes outstanding :—

| Date. | Net Gold. | Net Silver. |
|-------------------------|---------------|--------------|
| January 2nd, 1884 | \$154,465,980 | \$27,169,227 |
| „ 1885 | 141,688,432 | 36,353,009 |
| February 1st „ | 125,187,596 | 41,386,925 |
| March „ „ | 127,346,552 | 46,084,185 |
| April „ „ | 125,793,256 | 48,085,750 |
| May „ „ | 117,927,394 | 54,039,274 |
| „ 9th „ | 116,141,124 | 55,811,978 |
| „ 23rd „ | 115,597,130 | 59,209,995 |

Although the actual amount of free gold appears large, it must be borne in mind that it is not all available for ordinary claims. It includes the sum of 100 millions of dollars resulting from the sale of bonds in 1878, specially created for the purpose of providing a reserve for the redemption of the legal-tender notes. Hitherto, although the Treasury officials have been fully alive to this fact, no distinction has been made in the accounts with regard to this sum, but in recent months, in order, no doubt, that the real condition of affairs should be more clearly apparent, the reserve of 100 millions of dollars has been added to the liabilities.

The Treasury statement, issued at the end of June, was sufficiently serious to show the necessity of taking some steps to relieve the situation. Leaving out the amounts specially appropriated to redeem the three classes of certificates, it may be given in an analysed and contracted form as follows :—

| ASSETS. | | LIABILITIES. | |
|--|----------------------|---|----------------------|
| Net gold in Treasury ... | \$120,298,895 | Reserve against U.S. notes | \$100,000,000 |
| Net silver dollars in Treasury | 67,921,052 | Debt and Interest due and unpaid | 4,848,221 |
| Net legal-tender notes ... | 15,462,379 | Funds held for National banks | 49,133,935 |
| National Bank notes and balances | 16,082,887 | Drafts outstanding and disbursing officers' balances, etc. | 31,897,214 |
| National Bank notes in process of redemption | 6,791,088 | | |
| | \$226,556,301 | | \$185,879,370 |
| Add Assets not available: | | | |
| Minor coin | 868,460 | | |
| Fractional silver coin | 31,236,899 | | |

This statement shewed a continuance of increase of silver dollars in hand, in fact, during the six months of the present year that had then elapsed, the useless dollars had increased from 36 millions to nearly 68 millions, whilst the fresh coinage had only been about 12 millions. This was partly due to a decrease in the amount of silver-certificates in circulation, owing to a relaxation of the efforts of the Treasury officials to get them out, and a diminution of the advantages hitherto offered to holders. The free gold had increased two or three millions over that shewn by the statement of the 1st of May, but this was brought about by the cessation of redemption of the public debt, indeed, it was pointed out by their financial papers that for some time past the Treasury had only subsisted upon the surplus revenue. It was clear, then, that whilst the free balance in the Treasury amounted only to \$40,676,931, no less than \$67,921,052 of the assets were silver dollars, and it seemed at the moment to be almost impossible to avoid making payments in them. Any increase in the certificates issued against them would have been futile, as it would only have increased the proportion in which they would appear

in the customs receipts. In this emergency the Secretary had recourse to the New York Clearing-house Association, and after some discussion, they agreed to furnish the Treasury with 10 millions of dollars in gold, taking in exchange some of the fractional silver coin with which the Treasury was encumbered. They also resolved to advance a further 10 millions if it should be required. At the same time, as there is little or no use for this coin in New York, they addressed circulars to the bankers of Philadelphia, Baltimore, Chicago, and other cities, requesting their assistance in distributing it throughout the country. This resolution was passed on the 13th of July, and before the end of the same week they paid to the Assistant Treasurer balances amounting to \$1,500,000, and by the close of the month six millions had been advanced. So urgent was the need of the Treasury that more than three-quarters of a million had to be advanced before the final arrangements could be made, and stamped certificates were issued by the Treasurer as a temporary security. These certificates, which were created to the extent of \$860,000, have been pretty generally held to be entirely illegal and beyond the powers of the Treasury to issue. The whole action of the officials with regard to this question, though we may consider it as beneficial to the country, affords a remarkable illustration of the independence of the executive in the United States.

This action on the part of the banks of New York not only gave the necessary relief to the Treasury, but completely restored the confidence of the business community generally, and it is only fair to point out that it was entirely owing to their long and steady refusal to take or hold silver, that the bankers were able to come to the assistance of public credit. It is true that the strength of their position was largely due to their holding surplus reserves of more than 60 millions of dollars, but there can be no doubt that the accumulation, with them, of deposits by the public, was chiefly owing to the confidence felt in the soundness of their policy. Although these operations appear to have materially improved the situation, it is but a temporary relief, and has been obtained by means that cannot be indefinitely available. The action of the banks has been based upon the confident belief, now very generally entertained, that on the meeting of Congress in November, a change of policy may be looked for, at least to the stopping the further coinage of silver dollars. As matters stood a few months ago, the probabilities of the question were known only to the manipulators of political parties, but the situation has so far changed that a large section of the public, who were then content to regard it only as a fight between two factions, have come now to see that the whole country has an interest in the matter. In this respect, perhaps, the most significant indication is the recent almost unanimous vote of the commercial Convention at Atlanta, Georgia, against the continued coinage of silver dollars. As the policy of the Bland Act

has only been maintained by the most strenuous efforts of the silver States, backed by the votes of the southern States, the defection of the latter would probably suffice to break down the combination. That there is more than a possibility of defeat is apparent from the propositions put forward by General Warner, hitherto one of the most unbending supporters of the Act. As it is by no means improbable that some such plan may be adopted, at least temporarily, as a compromise, it will be desirable to quote the particulars here :—

“ First.—Issue certificates on the deposit of silver bullion at its market price at the time of deposit, expressed in dollars which shall stand as the declared value of the certificates while in the hands of the public. The average value of silver for the previous month might be taken as the market value at the time of deposit.

“ Second.—Such certificates to be made legal-tender for all purposes except in transactions between private parties.

“ Third.—They shall be redeemable in lawful money, or, at the option of the Government, in silver bullion at its market price at time of redemption. When received into the Treasury for dues to the Government or redeemed in lawful money, they shall be held and paid out again as other currency, but when redeemed in silver bullion, to be cancelled and destroyed.

“ Fourth.—The coinage of silver to be suspended until required again to meet an actual demand for silver dollars. On the coinage of any bullion the certificate representing the bullion shall be cancelled and destroyed.

“ Fifth.—Fractional silver, or, at least, the half-dollar pieces, to be made full weight and full legal-tender, and the redemption of subsidiary silver to be discontinued.

“ Sixth.—Withdraw the one and two-dollar legal-tender notes without reducing the total value of greenbacks; also the five-dollar bank-note and issue one, two and five-dollar coin notes, based on the silver dollars now coined, dollar for dollar.

“ Seventh.—Redeem and re-coin the trade dollars into standard dollars or fractional coin.”

Perhaps it is hardly necessary to discuss these proposals in this country at this time. It remains to be seen what measure of acceptance they will meet with. The most obvious objection is already urged, that the plan of redemption in silver at a fluctuating market price is fantastic and likely to be very troublesome. This, however, is a minor point. The real question is whether, even among a people so strongly in favour of protection, any degree of permanence can be expected for a policy involving the constant purchase and storage of

vast quantities of a commodity, the production of a single class, not because it is wanted, but avowedly because the production exceeds the demand ; and also whether the great body of tax-payers will for long be content to bear the cost of doing so. Not unfrequently the real bearings of a question such as this are most clearly brought out by some minor but very practical consideration, and this is likely to be supplied by the growing difficulty with regard to storage. Already the Assistant-Treasurers in several cities have their vaults full to overflowing, and are at their wits' end to provide safe custody for the ever-increasing accumulations. For ourselves, the chief interest lies in the effect which these operations might have on the price of silver. It appears to be safe to predict that if they are to be effective in that respect they must be on a much larger scale than hitherto, and we can hardly doubt that then they would greatly stimulate the production of silver. In any case, the prolongation of artificial prices must lead to greater fluctuations in the end, and will cause, at a future time, a repetition on a larger scale of the present demoralization of the market.

THE LATIN UNION.

The several meetings held in Paris since July last of the delegates of the countries forming the Latin Union, cannot be said to have thrown much light on the ultimate fate of that body. The difficulties which have impeded the delegates in coming to a decision, although they have been quite as much in the sense of showing great obstacles to a repeal of the Union as in revealing objections to its continued existence, have, in any case, certainly tended to aggravate the recent heavy fall in the market price of silver. The delegates had been announced as being about to meet once more, but whether they do, or the governments concerned, come to some compromise without calling them together again, they are not expected to take any measures other than of a temporary nature, such as putting off final action for another year or two. On one point the meeting of the representatives of the nations interested has, nevertheless, had an important result. Without entering, in this short notice, into the various motives which have prompted individual members of the Union, one thing must be pointed out as having been the immediate stumbling-block in the way of a termination of the Union, viz., the absence of a liquidation clause in the treaty which gave birth to the Union. Whether the omission of such a clause was intentional, in order to avoid raising points which might have obstructed the formation of the Union ; or whether it was purely accidental,

the framers of the treaty never dreaming, in their enthusiasm, that their work had before it any other future than development, matters but little for present practical purposes. The adverse course of the market for bar silver of late years has compelled the members of the Union to reconsider their position, and the question of liquidation has, inevitably under the circumstances, come uppermost. What is, or what is not, the liability of the countries, parties to the treaty, in the event of a liquidation, with regard to legal-tender silver coins issued from their respective mints? Is each country under the absolute obligation of taking back these coins at their full legal-tender value in gold? If so, the Bank of France, which holds Belgian and Italian silver five-franc pieces to the extent of several hundred millions of francs, could claim to return these and demand their face value in gold. The Belgian delegates at first stoutly denied this, and directly traversed the assertion of any such liability. They have now, to all intents and purposes, given way; and herein lies the one important result of the coming together of the members of the Union. The contention of the Belgians was, to take no other view of it at present, and to say the least of it, ingenious. In the early years of the Union free mintage of silver existed. Any holder of silver bullion could take it to any of the mints, French, Belgian or Italian, and have it coined into legal-tender five-franc pieces at the ratio of 15½ kilogrammes of silver, nine-tenths fine, to 1 kilogramme of gold of the same fineness. The Belgians now argue, or did until quite recently, that under the operation of free mintage large quantities of silver were coined for bankers and others, in connection with foreign correspondents in the other countries of the Union and elsewhere, simply because the Brussels mint was conveniently situated for them and a profit was to be realized in the operation, quite independently of the actual currency requirements of Belgium. Hence, they say, the presence of Belgian effigies on these coins was merely accidental, and laid Belgium under no obligation with regard to their ultimate redemption, which she could not fairly ask her partners in the Union to share with her. The argument has, at first, a captivating appearance of justice in it; nevertheless, the Belgians now seem to have acknowledged their inability to make it good. Apart from the repugnance which any solvent nation must feel at repudiating coins bearing its arms, it would have been extremely difficult for Belgium to have avoided the return of her silver coinage through some of the indirect channels which she could not hope to control. Moreover, the argument itself could be used by the other members of the Union as against Belgium, thus depriving any one member of any benefit under it. Then also, why should not Belgium have earlier taken measures to protect herself against any supposed excess of coinage in her mints, rather than have waited until liquidation of the Union was mooted, before bringing forward any plea for repudiating liability for its coinage? Lastly, a good deal of silver was minted by the various

Governments of the Union after they had first restricted free coinage for the public, and later on made it a State monopoly. Then, if at any time, was a suitable opportunity for raising the question of ultimate liability; and the failure to do so, coupled with the absence of any original liquidation clause, must necessarily bar success to any later attempt at avoiding it. Indeed, the Belgian Government are now understood to have recognized this, and to be merely stipulating for time in case of liquidation of the Union; so that they may not be called upon to face all at once the redemption in gold of abnormally heavy amounts of silver. This recognition of liability by Belgium will be of considerable importance as laying down one of the principles on which must necessarily rest any future international currency arrangement. Apart from this, it can hardly be considered that the deliberations of the delegates have had much practical outcome. Notwithstanding any more or less secret or lurking desire on the part of any one of the countries involved, to achieve a monometallic, *i.e.*, a gold standard—as in the case of Italy notably, where by a sort of tacit arrangement between the National Bank and the other banks, gold is withheld if it is thought to be intended for export—not one of the nations forming the Union has been willing to run the risk of breaking it up. So long as the Bank of France habitually holds from forty to fifty millions sterling in silver five-franc pieces, and an amount variously estimated, but probably not less than twice as great, circulates in the country itself; not to speak of the unlimited legal tender silver coins held in the other countries of the Union, nor of the unlimited legal tender silver coins current in other European countries (1); so long will the members of the Latin Union naturally enough prefer temporizing to heroic measures.

They wait for the action of the United States with regard to the Bland Bill, just as the United States waits in turn with regard to further restrictions of the currency right of silver; both hoping that the fluctuations of the Indian exchange, and the consequent disturbance of Mincing Lane markets, added to the difficulties of exporting to India, the loss on Council drawings, and the complaints of English holders of rupee incomes, may one day induce England to enter into some international treaty, regulating the position of silver, even if it is not to be the privileged one of free mintage and unlimited legal tender force accorded to gold.

(1) In the German Empire, where the law of 1873 set up the single gold standard, there remains in circulation an amount in silver thalers of the old currency, roughly estimated at 15 to 20 millions sterling, to which unlimited legal tender force is still allowed.

THE BANKRUPTCY ACT, 1883.

(1) REPORT OF THE INSPECTOR-GENERAL FOR THE YEAR ENDING 31ST DECEMBER, 1884.

GREAT interest attaches to this report, presenting, as it does, the result of the first whole year's working of the Act. It will be remembered that the first report of the Inspector-General, which was noticed in the *Journal* for October, 1884, was based upon an experience of only three months, and it was wisely determined, therefore, notwithstanding that some part of the ground had been already travelled over, to combine the whole of the statistics of the past year, in order to give more solid grounds for the conclusions arrived at. Those conclusions are, in the main, identical with those suggested in the first report, but the Inspector-General is of opinion that a still further experience of the working of the Act is necessary before accepting them as final.

From the table that is printed below, it will be seen that the total number of estates dealt with during the year was 4,170, which, however, includes 910 cases in which the proceedings were initiated during 1883, under the Act of 1869. This number, 4,170, is hardly one-half of the total for 1883, and less than the total of any year comprised in the table.

Though the returns show so great a diminution in the number of estates dealt with, yet the average size of the estates is considerably larger, thus the average liability per case, during the last year of the old Act, was £2,486 as against £3,082 under the new Act, and in the same way the assets under the old Act average £700 per case, against £956 under the new Act. The Inspector-General does not claim that the great decrease in the number of insolvencies is entirely due to the operation of the new Act, but he points out that since 1879 there has been an annual falling off in the numbers, which he attributes in great measure to the restriction of credit and the decline of speculation since the financial collapse of 1878-79.

STATEMENT of the number of Bankruptcies, Liquidations, or Schemes and Compositions, with the amount of Liabilities and Assets, under the Acts of 1869 and 1883 in each year from 1870 to 1884 inclusive.

| YEAR. | NUMBER OF CASES. | | | | LIABILITIES. | | | | ASSETS. | | | | Percentage of Total Assets to Total Liabilities. |
|-------------------|------------------|---------------|---------------|--------|---------------|---------------|---------------|------------|---------------|---------------|---------------|------------|--|
| | Bankruptcies. | Liquidations. | Compositions. | Total. | Bankruptcies. | Liquidations. | Compositions. | Total. | Bankruptcies. | Liquidations. | Compositions. | Total. | |
| 1870 - | 1,351 | 2,035 | 1,616 | 5,002 | 7,952,550 | 6,330,287 | 3,293,622 | 17,466,459 | 1,945,589 | 2,225,191 | 1,180,783 | 5,351,533 | 80.8 |
| 1871 - | 1,238 | 2,872 | 2,170 | 6,280 | 3,974,767 | 6,649,892 | 3,534,200 | 14,168,859 | 554,770 | 2,454,210 | 1,198,707 | 4,207,787 | 80.7 |
| 1872 - | 933 | 3,694 | 2,208 | 6,835 | 2,649,646 | 8,427,774 | 3,208,968 | 14,287,418 | 632,146 | 2,656,223 | 1,036,198 | 4,314,567 | 80.1 |
| 1873 - | 915 | 4,152 | 2,422 | 7,489 | 4,046,127 | 11,019,375 | 4,120,810 | 19,186,312 | 675,023 | 4,034,553 | 1,228,541 | 5,938,117 | 80.9 |
| 1874 - | 930 | 4,440 | 2,549 | 7,919 | 3,768,689 | 11,131,915 | 5,216,116 | 20,106,670 | 485,445 | 3,461,893 | 1,484,510 | 5,431,848 | 80.9 |
| 1875 - | 965 | 4,253 | 2,691 | 7,869 | 6,961,240 | 12,483,999 | 6,063,406 | 25,533,644 | 960,765 | 4,596,473 | 1,773,551 | 7,332,779 | 80.7 |
| 1876 - | 976 | 4,986 | 3,387 | 9,249 | 3,833,523 | 11,183,949 | 6,865,877 | 30,873,349 | 518,353 | 3,999,069 | 1,748,046 | 6,105,468 | 80.5 |
| 1877 - | 967 | 5,239 | 3,327 | 9,533 | 2,923,907 | 11,694,555 | 4,961,396 | 19,479,857 | 486,630 | 4,016,123 | 1,486,401 | 5,989,154 | 80.7 |
| 1878 - | 1,084 | 6,356 | 4,010 | 11,450 | 9,267,155 | 14,774,242 | 6,912,242 | 39,973,740 | 1,960,781 | 5,433,272 | 1,628,971 | 9,023,074 | 80.1 |
| 1879 - | 1,156 | 7,167 | 4,809 | 13,132 | 4,298,721 | 17,989,482 | 7,389,990 | 39,678,193 | 570,713 | 7,207,999 | 2,314,906 | 10,193,617 | 84.3 |
| 1880 - | 995 | 5,546 | 3,757 | 10,298 | 2,783,169 | 9,318,638 | 4,136,844 | 16,188,656 | 336,937 | 3,337,941 | 1,036,636 | 4,701,504 | 80.0 |
| 1881 - | 1,005 | 5,316 | 3,506 | 9,727 | 2,728,464 | 10,649,483 | 4,301,398 | 17,679,345 | 319,713 | 3,680,738 | 990,447 | 4,890,998 | 87.6 |
| 1882 - | 995 | 4,679 | 3,367 | 9,041 | 3,367,188 | 10,936,761 | 4,904,161 | 19,108,060 | 400,506 | 3,910,408 | 1,189,005 | 5,492,919 | 88.7 |
| 1883 - | 1,046 | 4,571 | 2,938 | 8,556 | 4,321,212 | 13,038,915 | 3,906,024 | 31,268,151 | 462,123 | 4,524,085 | 991,886 | 5,967,544 | 86.1 |
| Under Act of 1869 | | | | | | | | | | | | | 888,968 |
| Under Act of 1883 | | | | | | | | | | | | | 613,652 |
| Total - | | | | | | | | | | | | | 892,538 |
| Total - | | | | | | | | | | | | | 4,015,998 |

The Inspector-General examines at some length the assertion that the Bankruptcy returns do not disclose the actual condition of insolvency throughout the country, which assertion appears to be based on the allegation that there is a great and long-continued depression of trade; that there has been a large increase in the number of private arrangements; and that cases exist which neither come into Court nor are settled by private arrangement. With regard to the question of private arrangements the following remarks may be quoted :—

“ But it has also been alleged as a reason for doubting whether the bankruptcy returns for the past year accurately disclose the condition of insolvency throughout the country that there has been a largely increased amount of such insolvency which has not come within the operation of the Bankruptcy Act at all. This insolvency has, it is alleged, been dealt with by means of private deeds of arrangement betwixt debtors and their creditors, and, consequently, the operation of the new Act in diminishing the number of cases is assumed to be merely in the nature of a transfer from official to non-official insolvency. In the absence of any trustworthy records it is impossible to ascertain the precise number or character of these arrangements, but it should be borne in mind that a large amount of insolvency has always been annually arranged without resorting to the aid of the Bankruptcy Law. While, however, this is undeniable, there is no evidence to show that private arrangements have materially increased in number since the passing of the new Act, and in the opinion of many of the special organs of public opinion in particular trades (including the grocery and provision trade, which furnishes the largest portion of failures) the assumption is expressly negatived. It is not improbable, as already stated, that in the early part of 1884 there was a considerable resort to these methods, and it would appear that even more lately numerous *attempts* have been made to prevent estates coming under the operation of the Bankruptcy Act, but there is evidence to show that the difficulties attending these attempts have greatly increased as the actual working and results of the Bankruptcy Act came to be more widely and accurately known. The consequence has been that while a vast number of such attempts have been made in a large proportion of cases, they have proved abortive, and bankruptcy has ensued.

Reference is also made to the proposal to register private arrangements, a suggestion of which more may not improbably be heard in the future.

A considerable portion of the Report is taken up with discussing the manner in which the administration of the Bankruptcy Act has been conducted during the year. A series of tables will be found in Annex IV. which have been compiled with a view of illustrating this subject.

The Inspector-General also deals with question of the cost of administration under the two Acts respectively, the results of which are summarized in the following table :—

STATEMENT OF COST of Administration of 574 Estates finally Wound up by Official Receivers during the Year 1884, as compared with similar Classes of Estates Wound up by Trustees (during 1883) in Bankruptcies under the Act of 1869.

| CLASS. | Act of 1869. | | | | Act of 1883. | | | |
|--------------------------------|-------------------------------|-------------|--------|--|----------------------------|-------------|--------|--|
| | (Administration by Trustees.) | | | | (Official Administration.) | | | |
| | No. of Estates. | Average. | | | No. of Estates. | Average. | | |
| | | Net Assets. | Costs. | Per Cent. of Assets consumed in Costs. | | Net Assets. | Costs. | Per Cent. of Assets consumed in Costs. |
| Estates with no receipts | 163 | £ — | £ — | — | — | £ — | £ — | — |
| Under £50 | 163 | 22.75 | 21.66 | 95.22 | 240* | 22.41 | 16.27 | 72.60 |
| £50 under £100 | 122 | 71.43 | 62.49 | 87.48 | 141 | 72.95 | 31.71 | 43.46 |
| £100 under £150 | 80 | 124.45 | 104.72 | 84.14 | 65 | 122.86 | 43.60 | 35.49 |
| £150 under £200 | 54 | 174.90 | 139.53 | 79.78 | 50 | 173.73 | 53.14 | 32.31 |
| £200 under £250 | 49 | 225.57 | 152.72 | 67.70 | 29 | 224.70 | 54.50 | 24.25 |
| £250 under £300 | 34 | 273.23 | 180.46 | 66.05 | 17 | 271.39 | 60.17 | 22.17 |
| £300 under £350 | 22 | 326.17 | 201.32 | 61.72 | 8 | 335.09 | 78.59 | 23.45 |
| £350 under £400 | 11 | 370.01 | 254.34 | 68.74 | 7 | 363.94 | 73.99 | 20.33 |
| £400 under £500 | 32 | 437.90 | 214.85 | 49.06 | 9 | 455.74 | 84.75 | 18.59 |
| £500 under £600 | 18 | 550.77 | 285.89 | 51.90 | 5 | 539.01 | 109.14 | 20.25 |
| £600 under £700 | 21 | 637.27 | 339.99 | 53.35 | 1 | 662.34 | 170.91 | 25.78 |
| £700 under £800 | 16 | 760.08 | 381.27 | 50.16 | 1 | 793.67 | 85.77 | 10.80 |
| £2,000 under £3,000 | 11 | 2,564.01 | 726.94 | 28.35 | 1 | 2,864.49 | 252.45 | 8.81 |
| | 790 | | | | 574 | | | |

* This includes those estates which would, under the Act of 1869, have been classed as having no receipts, but as a deposit of £5 is now received in all cases, there is strictly speaking no such class under the new Act.

This table appears to be an answer to the charge of excessive costs so frequently brought against the Act, and this even in the case of small estates. In the case of large estates the reduction is much more marked, but the Inspector-General points out that the returns on which the figures under the 1869 Act are based comprise proceedings protracted in duration as against those of the Act of 1883, which were necessarily limited to proceedings which were commenced and terminated within the year.

The Inspector-General says that "it cannot be doubted that there has been a large amount of gross irregularity and even of criminal misconduct in connection with the trade of the country," and it is to be feared that creditors have not properly supported the efforts of public officials to suppress these evils and to raise the general tone of commercial morality.

The Report of the Board of Trade, to which the Report of the Inspector-General is in reality an annex, contains some interesting matter which may be briefly noticed here. It is gratifying to learn that the Bankruptcy administration has so far caused no additional charge to be laid on the public exchequer, but has, in fact, as shown by the public accounts, realized a surplus of more than £14,000. We are warned, however, that since the making-up of the accounts some additional expense has been incurred, and that the scale of fees on the realization of assets has been revised.

The Report notices at some length the working of the arrangements with the Bank of England, and states that under these "There has been received between the passing of the Act and the 31st day of March, 1885, an aggregate amount of £1,487,184 in 22,000 sums, and these again have in the books of the Board of Trade been subdivided and credited as distinct items to the 18,813 estate accounts to which they relate. In the same period 54,046 cheques have been drawn on the Bankruptcy Estates Account for £979,671. Of this number, 5,274—representing £40,322—were outstanding and remaining unpaid on the above-mentioned date. The average number of cheques drawn on the Bank of England and issued to the Trustees and Official Receivers as such ranges between 250 and 300 a day, but as many as 800 have been issued in one day."

The concluding remarks of the Report are as follows:—

"It would still be premature to come to any decided conclusion concerning the general results of the Act, or concerning its effect on the trade of the country and on commercial morality. Some time must elapse before the administration of the Act can be perfected, and much more before its full effect can be judged of. But so far as the facts stated in the above Report, and in that of the Inspector-General, make it possible to form an opinion, there appears to be no reason to think that the Act will disappoint the hopes of its promoters."

(2) THE INQUIRY BY THE INSTITUTE.

This inquiry, it will be remembered, was set on foot in April last, and a copy of the circular issued to the various banks appeared in the *May Journal*.

The answers received thereto have been carefully classified, and a general summary of them will be found below. Such summary, it is believed, represents the preponderating weight of opinion, which, however, differs widely from some individual conclusions. The thanks of the Institute are due to the bank managers and officials for the trouble they have taken in replying to the various Questions.

Question 1.—Have the number of bankruptcies diminished in your district since the passing of the Act? If so, do you attribute this to the operation of the Act, the state of trade, or to what other cause?

ANSWER: The number of bankruptcies has sensibly diminished since the new Act has come into operation, from two reasons:—

- 1.—From the rush of bankruptcies under the Act of 1869, before its determination, in view of probable stringency under the new Act, and consequently a corresponding diminution in cases during the first few months that the Act of 1883 has been in force.
- 2.—From the action of a considerable number of solicitors, who consider themselves insufficiently remunerated for the conduct of bankruptcy cases under the new Act, and consequently use all their influence to promote private arrangements outside the Act, and thereby obtain for themselves an adequate remuneration.

Question 2.—Has there been any increase of private arrangements outside the Act? To what cause do you attribute such increase, if any?

ANSWER: There has been an increase in some districts in the number of private arrangements for the reasons stated above.

Question 3.—Is the new Act worked satisfactorily in your district?

ANSWER: The Act works generally satisfactorily, but there is too much inelasticity under the Board of Trade rules.

Question 4.—Are debtors properly examined, and their past conduct thoroughly investigated? Is it found, as the result of such investigation, that discharges are prevented, and debtors prosecuted for reckless or fraudulent trading?

ANSWER:—The proper examination of debtors, and investigation into their affairs, a good deal depends on the individual competence of the Official Receivers, and that consequently

the strictness of investigation into the past conduct of the debtor's affairs, and the number of prosecutions varies considerably in the different districts.

Question 5.—Are estates more or less speedily dealt with now than under the old Act? If not, what is the reason?

Question 6.—Is this Act more compulsory than the old Act with regard to the amount realized for the creditors, and are the costs of administration greater or less than under the Act of 1869?

ANSWER : (5 & 6). On the whole, bankruptcies are satisfactorily administered under the new Act, but it has not been sufficiently long in operation to obtain any definite opinion as to its general working and results in the way of dividends realized or costs incurred.

Question 7.—What is the effect of the Act on trade and credit?

ANSWER : No opinions on this point can at present be given.

Question 8.—Additional observations.

ANSWER : Sundry suggestions have been elicited for the more efficient working of the Act, viz.:

- 1.—That private arrangements should be discouraged, and that, if entered into, they should of necessity be registered.
- 2.—That the fees and allowances should be so far modified that, on the one hand, respectable solicitors should be sufficiently remunerated so as to induce them to assist in carrying out the Act; and, on the other hand, that the official fees, especially the initial fees, which are considered to be excessive should be moderated.
- 3.—That the provisions as to proxies should be moderated, especially that requiring all insertions to be in the handwriting of the person giving the proxy.
- 4.—That the facilities for keeping local banking account of bankrupt estates should be extended, and the objectionable fee withdrawn.
- 5.—That more latitude should be given for "nursing" the assets of certain estates, which, under the late Act, were far more likely to be looked after by trade trustees than under the new Act by a mere official.

Comparing very briefly these answers with the opinions expressed in the Report, it may be noted that though differing somewhat from the Inspector-General as to the number of private arrangements, the opinion has again been expressed that they should be compulsorily registered. The suggestion as to proxies has already been carried out by an amended rule of procedure, and the question of a new scale of costs for solicitors has been the subject of correspondence between the late Lord Chancellor and the Incorporated Law Society,

and hopes are entertained that the subject may be dealt with at an early date. In the most important matter of all, viz., that it is as yet too early to judge of the general effect of the Act, the Inspector-General agrees with the answers to Question 7, and this must be regarded as to some extent qualifying many of the opinions given. On the whole, there seems little reason to doubt that the Bankruptcy Act of 1883, with care in its administration, is likely to prove a great improvement on its predecessor.

POST-DATED CHEQUES.

Considerable discussion has lately taken place with regard to the validity of post-dated cheques, and as to the requisite stamps on such documents and on promissory notes, and in view of the divergent views expressed on the subject, the Council have addressed to the Commissioners of Inland Revenue a letter, which, with the reply thereto, is given below :—

September 15th, 1885.

GENTLEMEN,

I am instructed by the Council of the Institute of Bankers to request the favour of your opinion on the following points :—

1. Are post-dated cheques valid ?
2. Do post-dated cheques require a penny stamp only, either adhesive or impressed ?
3. Is not a promissory note a document containing in writing a promise to pay any sum of money ? Stamp Act, 1870, sec. 49.
4. Do not promissory notes of any kind whatsoever, *i.e.*, payable on demand or otherwise, require ad valorem stamps, which stamps must be impressed if the notes be made in this country ?

Requesting the favour of a reply,

I am, Gentlemen,

Your obedient Servant,

W. TALBOT AGAR,

Secretary.

The Commissioners of Inland Revenue.

“ Inland Revenue, Somerset House,
London, W.C.,

28th September, 1885.

SIR,

In reply to your letter of the 15th inst., I am directed by the Board of Inland Revenue to state that a post-dated cheque is not, so far as the Stamp law is concerned, illegal ; and would be valid if stamped with the ordinary penny Inland Revenue stamp, impressed or adhesive.

For the purpose of Stamp Duty a "promissory note" means any document or writing (except a bank-note) containing a promise to pay any sum of money. All promissory notes, whether payable on demand or otherwise, are liable to ad valorem duty, and the duty on those made in the United Kingdom can be denoted only by impressed stamps.

I am, Sir,

Your obedient Servant,

(Signed) T. N. CRAGER.

The Secretary of the Institute of Bankers.

POSTAL ORDERS.

IN consequence of the numerous representations made to the Council as to the inconveniences to Bankers, resulting from the form of Postal Orders, they have addressed to the Postmaster-General a letter which, together with the answer received from him, is given below. It will be seen that the Postmaster-General has acceded to the suggestions made by the Council, and the thanks of the Institute are due to him for his action in the matter.

THE INSTITUTE OF BANKERS,

LONDON, 15th May, 1885.

POSTAL ORDERS.

"Sir,—The Council have recently had under their consideration the serious inconvenience occasioned to bankers, and through them to their customers the public, by a regulation of the Post-office, under which postage stamps may be affixed to the back of postal orders to facilitate the remittance of broken sums. I am therefore instructed to bring the matter under your notice, and to offer for your favourable consideration a suggestion, the adoption of which would, in the opinion of the Council, lessen, if not entirely remove, the difficulty in question.

"A very large proportion of the postal orders issued to the public, pass eventually into the hands of bankers for collection. As the amount stated on the face may be varied by the addition of stamps to the back of the order, it is necessary to subject each order to careful scrutiny to ascertain its exact value, and as in the case of several banks, some hundreds of such orders are received across the

counter daily, a great amount of labour and consequent loss of time is involved. Frequently, the customer overlooks the stamps on the back of the order, and enters an incorrect amount on the paying-in slip, thus confusing the records and hindering the work of the receiving banker.

"In view of this great and growing inconvenience, the Council desire me to ask you whether it would not be possible so to alter the form of postal orders that the printed matter now appearing on the face of such orders, should be placed upon the back, and the space thus obtained on the front of the orders be appropriated to the stamps; the affixing of the same on the back being prohibited. The total value of the order would thus be apparent on the face of it, while ready manipulation would be secured, and the general utility of the document considerably enhanced.—I have the honour to be, Sir, your obedient servant,

"W. TALBOT AGAR, Secretary."

The Right Honourable
The Postmaster-General.

GENERAL POST OFFICE,

LONDON, 6th July, 1885.

"Sir,—In reply to your letter of the 15th May last, I am directed by the Postmaster-General to state that as numerous representations have been made to the department in regard to the inconvenience of the arrangements under which stamps are allowed to be affixed to postal orders, he has decided to reverse the existing practice, and to direct that the postage stamps which the regulations now require to be affixed to the back of postal orders to denote broken amounts, shall be placed on the face thereof, and that stamps affixed to denote extra poundage necessitated by the lapse of time since issue of the order, shall be transferred to the back. This alteration, which it is hoped will meet the wishes of the Institute, will be notified to commence on the 1st of August.—I am, Sir, your obedient servant,

"J. M. SPALDING,
"for Secretary."

NATIONAL DEBT ACT, 1885.

THE arrangements made for the reduction of debt under the provisions of the National Debt Act, 1883 (46 & 47 Vict., c. 54), and which were described in the *Journal* (vol. iv., p. 516, and vol. v., p. 26), have been temporarily suspended to meet a part of the deficiency consequent on the increased expenditure on the military and naval services during the current financial year.

Payment of that part of—

| | | | |
|--------------------------------|-----|-----|------------------|
| The Chancery Annuity of | ... | ... | £2,665,835 |
| The Savings Banks Annuities of | ... | ... | 3,600,000 |
| And the Renewed Annuities of | ... | ... | 684,022 |
| | | | <hr/> £6,949,857 |

representing repayment of principal, viz :—

| | | | |
|--------------------------------|-----|-----|------------------|
| Of the Chancery Annuity | ... | ... | £1,465,882 |
| Of the Savings Banks Annuities | ... | ... | 2,808,515 |
| And of the Reduced Annuities | ... | ... | 398,681 |
| | | | <hr/> £4,672,978 |

has been withheld, and the term of these annuities has been extended to the extent necessary to save the Commissioners of the National Debt from loss.

It is further proposed to suspend in a similar manner in 1886–87, so much of that part of these annuities applicable to the repayment of principal as the Chancellor of the Exchequer may consider necessary to meet the uncovered deficit of the year 1885–86.

The New Sinking Fund has likewise been suspended during the current year.

These operations have been carried out under the provisions of the NATIONAL DEBT ACT, 1885, and are fully explained in a Treasury Minute of the 11th May last. The full text of the Act and Minute are subjoined.

SINKING FUND SUSPENSION.

COPY “of a MINUTE of the TREASURY, dated the 11th day of May, 1885, on the SUSPENSION of Part of the SINKING FUND.”

Treasury Chambers, }
11th May, 1885. }

J. T. HIBBERT.

THE Chancellor of the Exchequer informs the Board that he has promised to lay upon the table of the House of Commons a Paper explaining the measure by which he proposes to divert a part of the sum granted for the reduction of the National Debt, and to apply it in aid of current expenditure.

In 1875, Parliament, at the instance of Sir Stafford Northcote, fixed the permanent annual charge of the National Debt at £28,000,000. The National Debt

(Conversion of Stock) Act, 1884, granted to the taxpayer the benefit of any reduction of interest that might result from conversion of 3 per cent. stock into stock bearing a lower rate of interest, and for that purpose directed a proportionate reduction of the permanent charge of the Debt. The charge has in consequence been slightly reduced. On the other hand, it has been increased by an annuity intended to extinguish the deficiency existing on the Savings Bank Fund; and the total charge now stands at £28,036,917. This is a permanent liability on the Consolidated Fund, and, subject to any reduction consequent on further conversion, and to the cessation in 1908 of the Savings Bank Deficiency Annuity, must be issued yearly from the Consolidated Fund until the Act creating the liability is repealed. The Chancellor of the Exchequer defrays out of this permanent annual charge the interest of, and other costs attendant on the Debt, and the balance is applied to the reduction of the principal of the Debt.

Sir Stafford Northcote's measure has been in force for 10 years, but in 1880 he obtained the sanction of Parliament to two provisions, one increasing the permanent charge by £800,000 for a period of five years, the other applying annually for five years, £1,350,583, part of the said charge, to meet a portion of the debt incurred for the Russo-Turkish and South African Wars. This debt was paid off on the 31st March last, and the permanent annual charge, as stated above, is now again applicable, in its integrity, to the objects for which Sir Stafford Northcote created it.

Normal expenditure, however, on military and naval services, has been greatly increased in the present year, and a further provision is asked on account of war charges amounting to more than £11,000,000, so that a total sum of nearly £15,000,000 in excess of the estimated amount of taxation provided under last year's Budget must be raised within the year. The Chancellor of the Exchequer has asked Parliament to grant new taxes for about half this amount. The other half must either be borrowed or provided from that sum included in the permanent annual charge of the National Debt, which is applicable to the reduction of that Debt.

The Chancellor of the Exchequer has decided to adopt the second alternative, and for that purpose he must obtain power from Parliament, first, to suspend the payment of the principal due in 1885-86 and to some extent in 1886-87, upon certain terminable annuities payable out of the permanent annual charge of the Debt; secondly, to prolong correspondingly the currency of these annuities; and thirdly, to reduce the permanent annual charge by an amount equivalent to the amount suspended. The charge of the Debt will in consequence be largely diminished, and the expenditure of the year, and the deficit also, will be correspondingly reduced.

The Chancellor of the Exchequer proceeds to describe the annuities to which the operation will apply, the method in which the instalments of principal included in these annuities will be ascertained and eliminated, and the exact sum which will be thus deducted from the expenditure of the year.

The Terminable Annuities, for which provision is made in the permanent charge of the Debt for the current year, are thus subdivided:—

| | | | | | | | |
|---|-----|-----|-----|-----|------------|----|---|
| CLASS 1.—Chancery Annuity | ... | ... | ... | ... | £2,665,835 | 0 | 0 |
| Savings Bank Annuities | ... | ... | ... | ... | 3,600,000 | 0 | 0 |
| Renewed Annuities | ... | ... | ... | ... | 684,022 | 0 | 0 |
| | | | | | <hr/> | | |
| | | | | | £6,949,857 | 0 | 0 |
| | | | | | <hr/> | | |
| CLASS 2.—Red Sea Telegraph | ... | ... | ... | ... | £86,000 | 0 | 0 |
| Savings Bank Deficiency | ... | ... | ... | ... | 83,672 | 12 | 0 |
| 2½ per Cent Conversion Annuity | ... | ... | ... | ... | 57,574 | 0 | 0 |
| Annuities for Lives and Terms of Years | ... | ... | ... | ... | 1,070,214 | 0 | 0 |
| Final Instalments of Annuities expiring in 1885 | ... | ... | ... | ... | 62,991 | 0 | 0 |
| | | | | | <hr/> | | |
| | | | | | £1,310,451 | 12 | 0 |
| | | | | | <hr/> | | |

These two classes of annuities differ in character. The annuities comprised in the first class are of large amount, are payable to public departments, the amount of principal paid off by their agency is easily ascertained, and can be withheld by Parliament under proper regulation without injury or inconvenience to individuals, and without damage to the fund on account of which the annuities are held. The annuities comprised in the second class, on the contrary, are, as far as the mass of them are concerned, payable to individuals under contract with the State, and cannot be touched without breach of contract. The other annuities in this class are small in amount, and were created either to make good by gradual payments a deficiency for which the Consolidated Fund is liable, or to enable conversions of stock to be effected without increase of the nominal capital of the debt.

The Chancellor of the Exchequer, therefore, confines his measure to the first of these classes, and he proposes to ascertain the amount of principal which would be repaid in the year 1885-86 out of each of the three annuities comprised in that class. The amount of principal so repayable can be ascertained without difficulty. The National Debt Act of 1883, which created these annuities, directed that a table should be prepared showing the amount of capital to be replaced in each year by means of the Chancery and Savings Bank Annuities. A similar table is not directed to be prepared in the case of the third annuity, but the amount of principal repayable in this case also has been ascertained, and the amounts in each case will be certified by the Actuary of the Commissioners for the Reduction of the National Debt.

The principal so repayable in the year 1885-86 is ascertained to amount—

| | | | | | |
|-----------------------------------|-----|-----|-----|-----|-------------------|
| On the Chancery Annuities to | ... | ... | ... | ... | £1,465,835 |
| On the Savings Banks Annuities to | ... | ... | ... | ... | 2,808,512 |
| On the Renewed Annuities to | ... | ... | ... | ... | 898,631 |
| Making a Total Sum of | | | | | <u>£4,672,978</u> |

The Chancellor of the Exchequer proposes in the Bill now before Parliament to suspend the payment of that amount in the year 1885-86. In other words Parliament had by permanent arrangement provided that a certain sum should be applied in the year 1885-86, to the extinction of the debt. In pursuance of the heavy expenditure required in 1885-86 for current services, the Chancellor of the Exchequer asks Parliament to suspend for the year payment of £4,672,978, part of the sum so appropriated to the extinction of debt. The public expenditure, and the estimated deficit of the year 1885-86 will, in consequence, be reduced by the sum of £4,672,978.

The Chancellor of the Exchequer at the same time asks Parliament to continue the annuities affected by the measure for a year beyond the limit now assigned to them. Thus he is strictly correct in describing the measure as suspending for a year the repayment of principal of debt for which provision is made in the system of annuities above described. Moreover, the Board will recollect that the prolongation of the annuities for a year does not imply an increase of the debt charge in the year of prolongation, because these annuities fall within the permanent debt charge of £28,000,000, established by Parliament at the instance of Sir Stafford Northcote, which, slightly modified as described in a preceding paragraph, will, under the present Acts of Parliament remain payable, whether the annuities be prolonged or not.

The Chancellor of the Exchequer in opening the Budget estimated the deficit of the year 1885-86, after making allowance for Supplementary Estimates, at rather more than £14,900,000. He provides £7,500,000 by taxation, leaving rather more than £7,400,000 uncovered.

The deficit for 1885-86, after withholding payment of principal contained in the described annuities, will be reduced as has just been stated to a sum, in round figures, of £2,750,000, to which must be added the deficit of 1884-85 of £1,050,000, or a total uncovered sum of about £3,800,000. But against this he may place debt paid off in 1885-86 to the extent of about £3,000,000 by Terminable

Annuities not affected by his measure, and by stock bought and cancelled under various Acts of Parliament. The Chancellor of the Exchequer proposes to provide for the uncovered amount of £3,800,000 by taking power to suspend in 1886-87 the payment of principal contained in the above-described annuities, but to such extent only as he may consider necessary. In explanation of this limitation, he has to point out that although the excess of ordinary expenditure over ordinary income in the year 1884-85 was nearly £1,050,000, the decrease in the Exchequer balance was under £640,000. Resort to loan or to suspension of the Sinking Fund may not therefore be necessary in order to make good the full amount of the declared deficit of 1884-85. Again, if peace should happily be maintained, the whole of the sum voted for warlike preparations may not be required. It is, in fact, premature to attempt at present to state in figures the extent to which the Sinking Fund will be suspended in 1886-87, and the Chancellor of the Exchequer therefore only takes power to suspend it in that year to the extent which he may find necessary, but it is his earnest wish to use that power to no greater extent than is absolutely requisite. In the interval he will meet, as far as circumstances permit, the excess of expenditure by Ways and Means advances; but if before the close of the Session he should find it desirable to borrow on more definite terms, he will ask from Parliament temporary power to issue Exchequer Bonds, Bills, or Treasury Bills, to the amount which he may judge desirable.

My Lords desire that a copy of this Minute may be laid before the House of Commons.

NATIONAL DEBT ACT, 1885.

[48 & 49 VICT. CH. 43.]

CHAPTER 43.

An Act to suspend for a period certain Payments on Annuities created under the National Debt Act, 1883; and to reduce for a like period the Permanent Annual Charge of the National Debt. [31st July, 1885.]

WHEREAS it is expedient by reason of the special war grant of eleven million pounds to provide for the application of part of the permanent annual charge for the National Debt towards making good the supply granted to Her Majesty, and with that object to suspend for a limited time the repayment out of such charge of part of the capital of the National Debt:

Be it therefore enacted by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

Short Title and Construction, 46 & 47 Vict., c. 54.

1. This Act may be cited as the National Debt Act, 1885, and shall be construed as one with the National Debt Act, 1883.

Temporary Reduction of Permanent Annual Charge for National Debt in 1885-6, 46 & 47, c. 54.

2. (1.) In the financial year ending the thirty-first day of March, one thousand eight hundred and eighty-six, the permanent annual charge for the National Debt shall be reduced by four millions six hundred and seventy-two thousand nine hundred and seventy-eight pounds below the amount at which it would be otherwise fixed by law.

(2.) For the purpose of giving effect to such reduction, the Treasury shall suspend in that year the payment of such portions of the instalments of the terminable annuities created under the National Debt Act, 1883, as may be certified to the Treasury under the hands of the Controller-General or Assistant-Controller, and of the Actuary of the National Debt Office, to be applicable to the replacement of capital; and for the purpose of saving the National Debt Commissioners from loss by the said suspension, the Treasury shall, by warrant to the Bank of England, prolong the said terminable annuities to such extent as may be necessary for the said purpose.

(3.) The provisions of the National Debt Act, 1883, respecting the creation of terminable annuities, shall apply to such prolongation, as if such prolongation were the creation of an annuity, and the extent of such prolongation shall accordingly be certified by the National Debt Commissioners.

Further temporary Reduction of Permanent Annual Charge for National Debt in 1885-6 by Suspension of New Sinking Fund.

3. In the financial year ending the thirty-first day of March, one thousand eight hundred and eighty-six, the permanent annual charge for the National Debt shall be reduced below the amount at which it would otherwise be fixed by law by such sum as but for this section would, under section three of the Sinking Fund Act, 1875, form the new Sinking Fund.

MISCELLANEA.

THE following Circular has been issued :—

INLAND REVENUE, SOMERSET HOUSE, LONDON, W.C.
29th August, 1885.

INCOME TAX, 1885-86. 48 & 49 Vict., cap. 51.

GENTLEMEN,

I am directed by the Board of Inland Revenue to acquaint you that by the above-mentioned Act the Income Tax has been imposed for the year 1885, ending 5th April 1886, at the rate of 8*d.* in the pound.

At the same time I am specially to draw your attention to the provisions contained in Section 26 (a copy of which is printed on the other side of this circular) for further securing the tax on Foreign and Colonial Dividends, and to state that the deductions authorised by the Act should be made from henceforth.

In due course a form on which to make a return, in bulk, of the amount of Tax deducted will be sent to you with the necessary instructions as to the mode of payment of the duty.

I may add, for your guidance in the event of enquiries by your clients, that directions have been issued to Surveyors of Taxes to obtain the amendment of any returns of Income which, on examination, may be found to contain dividends falling within the scope of the new Act, and which will henceforth be charged to the tax by deduction.—I am, Gentlemen, Your obedient Servant,

(Signed)

W. H. COUSINS,
Secretary.

48 & 49 Vict., cap. 51, sec. 26.

Provisions for further securing Income Tax on Foreign and Colonial Dividends.

WHEREAS the enactments hereinafter-mentioned have been found inadequate to secure the charging and payment of income tax upon dividends payable out of the revenues of foreign and colonial states and dividends of foreign and colonial companies, be it therefore enacted that Section Ninety-six of the Act of the Fifth and Sixth years of Her Majesty's reign, Chapter Thirty-five; Section Two of the Act of the Fifth and Sixth years of Her Majesty's reign, Chapter Eighty; Section Ten of the said Act of the Sixteenth and Seventeenth years of Her Majesty's reign, Chapter Thirty-four; and Section Thirty-six of the Act of the Twenty-fourth and Twenty-fifth years of Her Majesty's reign, Chapter Ninety-one, shall be read in relation to the dividends therein respectively mentioned, as if the said sections included, amongst the persons entrusted with the payment of such dividends, the persons hereinafter described (that is to say):—

(a.) Any banker, or person acting as a banker, who shall sell or otherwise realise coupons or warrants for or bills of exchange purporting to be drawn or made in payment of any dividends (save such as are payable in the United Kingdom only) and pay over the proceeds to any person or carry the same to his account.

(b.) Any person who shall, by means of coupons received from any other person or otherwise on his behalf, obtain payment of any dividends elsewhere than in the United Kingdom.

(c.) Any dealer in coupons who shall purchase coupons for any dividends (save such as are payable in the United Kingdom only) otherwise than from a banker or person acting as a banker or another dealer in coupons.

A person entrusted with the payment of dividends, who shall perform all necessary acts so that the income tax thereon may be assessed and paid, shall be entitled to receive as remuneration an allowance of so much (not being less than threepence) in the pound of the amount paid as may from time to time be fixed by the Commissioners of the Treasury.

Provided that this section shall not impose on any banker or other person the obligation to disclose any particulars relating to the affairs of any person on whose behalf he may be acting.

WHAT IS CAPITAL?—At a meeting of the Economic Section of the British Association, held in Aberdeen, on 12th September, Mr. William Westgarth read a Paper on the above subject, in which he challenged the correctness of the widely divergent views of the leading economists, on the meaning of the word "Capital." It was usually defined by economists as consisting of things used in production, and as being only that part of wealth which is applied to produce further wealth. The same thing might be capital, and not capital, according to the hands it was in. Thus, a manufacturer dealt with capital, but not a shopkeeper, the former being a producer, but the latter only a distributor. Mr. Westgarth held that this was only a conventional capital, created in the minds of economists, and having no existence elsewhere. Much confusion arose from the ambiguity of the word "Capital," but holding it to mean "the ready fund of business life," they ought, in economic science, to avoid giving the term "Capital" to anything else but that fund. No doubt a contention might arise that the term originally meant not the business fund of goods and money, but the land and other agencies that produced these stocks. Now, however, it was hopeless to change the use of the term in the sense of the business fund, and as a principle, two different things should not bear one and the same name. For the sake of a clear science we should find some other name for the "agencies." Capital, then, he defined to be the stocks of trading, maintained in existence by the wants of trading or exchange. The merchandise and money, and rolling stock of a country's commerce, constituted its capital fund. Money was only a particular form of

merchandise. The capital fund increased or diminished according to circumstances of trading, as requiring more or less stock. On the one hand was the constant tendency to economize capital so as to save the cost of holding it; on the other hand it was ever increased by the constant effort to increase profit through extending business, and thus reducing relatively the expenses. They had thus the elements of the limitation or law of capital. For instance, the Suez Canal was cut, in order to reduce time and economize capital in shipping and cargo. But these economies themselves so increased the trading, that still more cargoes and ships than before were the result. The causes which economized or reduced capital were exceeded in effect by the causes which increased it, and thus, while increased profit was the object, increased capital was the concurrent result. They had here the elements of the "law of capital."

In the discussion which followed, PROFESSOR LEONE LEVI expressed the opinion that Mr. Westgarth had taken too limited a view of the word "Capital," which applied to all processes of production, and should not be considered merely in relation to commerce and the banking interest. The more capital there was the greater was the amount of production, as capital was the first thing out of which wages were produced. It should be brought before the working classes that they were as dependent on a large amount of capital as on their strong arms.

MR. STEPHEN BOURNE thought any dispute about definition much of the nature of a dispute about words. His opinion was that capital bore very much the same relation to products as the head bore to the body. It was the tool of the production of something, in contradistinction to the product that resulted from it. They should not limit the word to any particular shape or form of capital.

PROFESSOR FOXWELL was of opinion that one cause of depression of trade was the disproportionate extension of industry in various lines without consideration of the wants of consumers. This was in some measure due to a hand-to-mouth system, and an incapacity on the part of producers to forecast events rather than to an excessive amount of capital. He maintained that overproduction might be remedied by keeping up to, instead of reducing, the present rate of wages, which would cause the migration of capital into other industries.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

Telegraphic Tests, to certify the Origin and Correctness of Messages, and to ensure Safety in the Payment of Monies.—By ROBERT SLATER.*

THIS system of telegraphic tests has been devised to carry yet further the precautions usually adopted, and to afford a means by which not only the genuineness of messages may be attested, but the extent of the order (as regards money payments to be made) may be verified, so that an error in telegraphing may also be checked. This is an obvious advantage, especially where code words are used, as they are frequently mutilated during transmission, and the alteration of a single letter may often altogether reverse their significance.

In view of the impetus to telegraphy from the prospective reduction in the rates for the transmission of telegrams, Mr. Slater's tests will doubtless be found useful. The tables are arranged with great care and lucidity, and are easy of reference and comprehension. Mr. Slater is also the author of a code for the use of bankers and merchants, which may be referred to in the Library.

Report of the Tenth Census of the United States, 1880. Tenth volume.†

This volume completes the Report of the Tenth Census of the United States. The subjects dealt with are (1) Petroleum and its products; (2) the manufacture of coke; and (3) building stones, and the same elaborate care is shown with regard to these subjects, as is displayed in the previous volumes. The volume is replete with tables and illustrations.

The Handy Book of the Law and Practice of Joint Stock Companies, with forms and precedents. Second Edition, by ANTHONY PULBROOK.‡

The scope of this little work, as indicated by its title, is to explain all the details connected with the conduct of public companies, from their formation to their dissolution.

In reviewing the course of legislation, culminating in the Act of 1867, the author remarks on the apathy of investors, who seldom take the trouble to read the articles of association, although they form the basis upon which the contract is made. References are given to the various Acts of Parliament applying to the subjects treated of, and a comprehensive index is appended, so that the law on any given point is easily ascertainable.

* London: W. R. Gray, Change Alley.

† Washington: Government Printing Office. ‡ London: Effingham Wilson.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Bankruptcy of Parties to Bills of Exchange.

QUESTION 348.—The law used to be that, if the parties failed, the owner could prove for the full amount of the bill against the estate of each party, and take the dividends until he received the full amount of the bill he held. It is held now that the law has been changed, in such wise, that supposing there were four parties liable on a bill for £100, and that each in succession failed and paid 10s. in the £, the holder of the bill would only receive £92 15s. in all, though the four estates showed nearly 40s. in the £ on the £100, *e.g.* When A. failed the holder would prove for £100 and receive £50; when B. failed he would only be allowed to prove on £50 (being the balance remaining due to him on the bill) and receive £25; when C. failed he, in like manner, would prove on £25 only; and when D. failed on £12 10s. only. Is the old practice still in force, or is the latter practice now insisted upon?

ANSWER : The first part of the question correctly states the law as it used to be in cases where, at the times the proofs were respectively made, all the parties to the bill had failed, but no dividend had been paid or declared upon any of the estates. The latter part of the question states correctly the old law and practice in regard to proofs upon bills where, at the time of proving, a dividend had been paid or declared on the bill from the estate of one or more of the other parties liable on it, or where the creditor had received part of the bill in payment. The law and practice in both cases remain unaltered by the *Bankruptcy Act*, 1883. The alterations made by that Act affect only proofs made on current bills to entitle the creditors to vote. In such cases the creditor must value the liability of all solvent persons liable on the bill antecedently to the bankrupt (see Schedule 1 to the Act, paragraph 11 and 12).

Stamp on Foreign Order.

QUESTION 349.—Does an order on the United States Treasury, payable in dollars at Washington, on demand, require a penny stamp when negotiated in this country?

ANSWER : It does.

RESULTS OF THE EXAMINATIONS HELD ON THE 11TH, 12TH, AND 13TH MAY, 1885.

THE names of the successful Candidates at the recent Examinations are now published.

Under the regulations the Examinations to be conducted by the Institute are divided into two parts, embracing a Preliminary Examination, and another, of a more advanced character, to be held after the lapse of not less than one year from the first. Members have also the option of taking one or more subjects only, and completing the course at subsequent Examinations. The names of those who have availed themselves of such partial Examination will not be published till the whole course has been completed.

FINAL EXAMINATION.

(Entitling the successful Candidate to the Certificate of the Institute.)

| | | | | |
|--|-----|-----|-----|------------------|
| CLAY, HENRY, Bradford Old Bank | ... | ... | ... | Bradford, Yorks. |
| GRANVILLE, WILLIAM E. M., Chartered Bank of India, Australia, and China | ... | ... | ... | London. |
| HARLOW, EDWARD, Messrs. I. & I. C. Wright & Co. | ... | ... | ... | Nottingham. |
| TAYLOR, CLEMENT, Union Bank of Manchester | ... | ... | ... | Northwich. |
| WALKER, TOM, Yorkshire Banking Co., Limited | ... | ... | ... | Doncaster. |

PRELIMINARY EXAMINATION.

(Candidates who have passed this must pass an advanced Examination after an interval of not less than a year, to entitle them to the Certificate of the Institute.)

| | | | | |
|---|-----|-----|-----|----------------|
| BROWN, GEORGE ANDREW, Consolidated Bank, Limited | ... | ... | ... | Manchester. |
| GUY, ARTHUR BERTRAM, Stamford, Spalding, and Boston Bank | ... | ... | ... | Uppingham. |
| HARLOW, WM. HENRY, Messrs. I. & I. C. Wright | ... | ... | ... | Nottingham. |
| HOLYOAKE, WILLIAM, Worcester City and County Bank, Limited | ... | ... | ... | Great Malvern. |
| HUNSTON, SAMUEL FRANK, Birmingham Banking Co., Limited | ... | ... | ... | Brierley Hill. |
| NOAKE, CHARLES WOODYATT, Worcester City and County Bank, Limited | ... | ... | ... | Worcester. |
| PEARCE, WILLIAM JOHN, Crompton and Evans' Union Bank, Limited | ... | ... | ... | Derby. |
| RILEY, JOHN WILLIAM, Manchester and County Bank, Limited | ... | ... | ... | Bolton. |
| STRAKER, FREDERICK, London and South-Western Bank, Limited | ... | ... | ... | Camden Town. |

SUMMARY OF BANK RETURNS

OF VICTORIA, NEW SOUTH WALES, NEW ZEALAND, SOUTH AUSTRALIA, QUEENSLAND, TASMANIA, AND WESTERN AUSTRALIA.

Compiled from the Sworn Averages for the Quarter ended 31st March, 1885.

LIABILITIES.

| | Notes in Circulation not bearing Interest. | Bills in Circulation not bearing Interest. | Balances due to other Banks. | Deposits not bearing Interest. |
|--------------------------|--|--|------------------------------|--------------------------------|
| | £ | £ | £ | £ |
| Victoria | 1,446,370 | 66,474 | 431,437 | 7,323,071 |
| New South Wales | 1,689,667 | 53,250 | 693,588 | 9,040,700 |
| New Zealand | 963,703 | 54,490 | 26,969 | 8,663,467 |
| South Australia | 592,237 | 20,904 | 83,548 | 1,820,516 |
| Queensland | 607,036 | 108,425 | 680,219 | 2,298,178 |
| Tasmania | 157,309 | 19,691 | 6,287 | — |
| Western Australia | 24,572 | 935 | 12,624 | 224,579 |
| Totals | 5,490,694 | 324,169 | 1,934,619 | 24,270,511 |
| | | Deposits bearing Interest. | Total Deposits. | Total amount of Liabilities. |
| | | £ | £ | £ |
| Victoria | 22,293,956 | 29,617,027 | 31,561,313 | |
| New South Wales | 18,797,129 | 27,837,829 | 30,274,286 | |
| New Zealand | † 6,461,254 | 10,024,721 | 11,068,877 | |
| South Australia | 8,639,677 | ‡ 5,460,193 | 6,156,881 | |
| Queensland | 3,968,155 | § 3,261,333 | 7,657,015 | |
| Tasmania ... .. | — | \|\| 4,085,319 | 4,218,607 | |
| Western Australia | 436,774 | ¶ 661,353 | 709,496 | |
| Totals | | 55,591,945 | 83,897,775 | 91,647,375 |

* Victoria.—This includes £2,323,427 Government deposits.

† New Zealand.—This includes £490,191 Government deposits.

‡ South Australia.—This includes £664,146 Government deposits.

§ Tasmania.—In this colony's Bank Returns, deposits bearing interest are not distinguished from those not bearing interest.

|| Western Australia.—Government deposits not stated separately.

ASSETS.

| | Coined Gold and Silver, and other metals. | Gold and Silver in bullion or bars. | Landed Property. | Notes and Bills of other Banks. |
|--------------------------|---|-------------------------------------|------------------------------|---------------------------------|
| | £ | £ | £ | £ |
| Victoria | 5,060,800 | 425,381 | 1,049,706 | 146,017 |
| New South Wales | 3,991,625 | 57,306 | 915,723 | 131,082 |
| New Zealand | 2,004,562 | 106,669 | 474,807 | 44,255 |
| South Australia | 1,324,016 | 8,154 | 398,903 | 71,735 |
| Queensland | 1,167,963 | 107,318 | 334,904 | 16,068 |
| Tasmania | 556,158 | — | 66,278 | — |
| Western Australia | 155,011 | — | 80,872 | 2,311 |
| Totals | 14,180,126 | 704,498 | 3,271,191 | 410,518 |
| | | Balances due from other Banks. | All debts due to the Banks.* | Total amount of Assets. |
| | | £ | £ | £ |
| Victoria | 807,064 | † 30,467,863 | 37,455,699 | |
| New South Wales | 3,568,314 | ‡ 30,239,842 | 37,824,283 | |
| New Zealand | 45,491 | § 16,199,654 | 18,875,442 | |
| South Australia | 287,973 | \|\| 10,435,733 | 12,376,556 | |
| Queensland | 136,636 | ** 9,797,455 | 11,560,238 | |
| Tasmania | 667,906 | †† 2,689,383 | 3,979,738 | |
| Western Australia | 5,701 | ‡‡ 945,424 | 1,139,522 | |
| Totals | | 3,969,084 | 100,775,063 | 123,311,268 |

* Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks.

† Victoria.—Government securities (if any) held by the banks are not separately distinguished in these returns.

‡ New South Wales.—This includes £79,311 average amount of N.S.W. Government debentures held by the Mercantile Bank of Sydney, and £333,900, average amount of Government securities held by the Commercial Banking Co. of Sydney.

§ New Zealand.—This includes £293,307 Government securities; notes and bills discounted, £4,571,619; debts due to the banks, exclusive of debts abandoned as bad, £10,808,740; securities not included under other heads, £638,900.

|| South Australia.—This includes £25,000 Government securities.

** Queensland.—This includes £267 Government securities and stamp account.

†† Tasmania.—This includes £128,700 Government securities, and £28,632, amount of British and foreign bills of exchange remitted, but not yet matured.

‡‡ Western Australia.—This includes £7,800 public securities.

(From the Australasian Banking Record.)

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus:—£1,000 —

| Bank. | Account made up to | No. of Branches & Sub-Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus per Annum. |
|--|--------------------|---------------------------------|--|----------|--------------------------|--------------------|------------------------------|-------------------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Alliance Bank, Limited | 1885. Jun. 30 | 5 | £ 2,000 | £ 800 | £ 25 | £ 10 | £ ... | % 7 |
| *Anglo-Austrian Bank, Limited... | 1884. Dec. 31 | 3 | 3,000 | 1,800 | 20 | 12 | ... | 5 |
| Anglo-Italian Bank, Limited..... | " | 1 | 80 | 60 | 8 | 6 | ... | 5 |
| Ashton, Staleybridge, Hyde and Glossop Bank | 1885. Jun. 30 | None | 250 | 50 | 20 | (s) 4 | 10 | 10 |
| Australian Joint Stock Bank..... | " | 98 | 625 | 500 | 10 | 8 | 10 | 12½ |
| Bank of British Columbia | " | 4 | 442 | 346 | { 20 20 | 20 10 | 20 20 | 8 |
| *Bank of Liverpool, Limited | " | 6 | 6,000 | 750 | 100 | 12 10/- | 60 | 14 |
| *Bank of Montreal | Apr. 30 | 32 | 2,466 | 2,466 | 40 | 40 | 40 | 11 |
| Bank of New South Wales..... | Mar. 31 | 168 | 1,000 | 1,000 | 20 | 20 | 20 | 17½ |
| Bank of New Zealand | " | 112 | 1,000 | 1,000 | 10 | 10 | 10 | 15 |
| *Bank of Roumania | 1884. Dec. 31 | 2 | 1,000 | 400 | 20 | 8 | ... | Nil |
| Bank of South Australia, Ltd. ... | " | 27 | 800 | 800 | 25 | 25 | 25 | 10 |
| *Bank of Westmorland..... | 1885. Jun. 30 | 4 | 214 | 26 | 100 | 12 | unlmd. | — |
| Banque de Constantinople | 1884. Dec. 31 | 1 | 1,000 | 600 | 10 | 6 | 4 | 6 |
| *Birmingham, Dudley and District Banking Co. Limited | " | 35 | 1,725 | 345 | 20 | 4 | 10 | 10 |
| *Birmingham & Midland Bk., Ltd. | 1885. Jun. 30 | 9 | 1,602 | 334 | 60 | 12 10/- | 35 | 16 |
| Bradford District Bank, Limited | " | 1 | 851 | 298 | 100 | 35 | ... | 10 |
| Bradford Old Bank, Limited | " | 12 | 1,250 | 500 | 50 | 20 | 30 | 11½ |
| *British Linen Co. Bank | Apr. 15 | 111 | 1,000 | 1,000 | Stock. | ... | ... | 14 |
| Burton, Uttoxeter & Ashbourne Union Bank, Limited | Jun. 30 | 2 | 650 | 130 | 50 | 10 | 30 | 18 |
| *Bury Banking Co. Limited | " | 4 | 750 | 180 | 25 | 6 | 15 | 17½ |
| *Caledonian Banking Co..... | " | 23 | 750 | 150 | 12 10/- | 2 10/- | 7 10/- | 7½ |
| *Capital and Counties Bank | " | 59 | 2,060 | 412 | 50 | 10 | 30 | 18 |
| Carlisle and Cumberland Banking Company, Limited | " | 6 | 400 | 100 | 20 | 5 | 10 | 16 |

* These accounts are made up annually.

STOCK BANK ACCOUNTS (*continued from page 289*).

1,000,000 (except columns 1, 2, 5, 6, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|---------------------------|--------------------|--|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans, and other Securities† | Bank Premises, Furniture, &c. | Total Assets. |
| | | | | | British Government Stock. | Other Investments. | | | |
| 9 | 10 | 1 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 238 | 3,089 | 779 | 30 | 1,207 | 125 | 256 | 3,330 | 24 | 4,942 |
| 162 | 1,328 | ... | 93 | 380 | ... | ... | 3,586 | 189 | 4,155 |
| 2 | 12 | ... | 3 | 3 | ... | 19 | 58 | ... | 80 |
| 20 | 156 | ... | 3 | | | | | | (a) |
| 250 | 5,365 | ... | 41 | 1,353 | ... | 103 | 5,523 | 211 | 7,190 |
| 70 | 577 | ... | 20 | 222 | 26 | 26 | 1,013 | 35 | 1,322 |
| 323 | 5,208 | 628 | 126 | 1,148 | 818 | 43 | 5,163 | 142 | (b) 6,974 |
| 1,233 | 4,116 | ... | 286 | 1,199 | ... | ... | 8,016 | 90 | 9,305 |
| 570 | 14,364 | ... | 98 | 4,153 | ... | 428 | 13,878 | 414 | 18,873 |
| 625 | 10,751 | ... | 79 | 1,798 | ... | 884 | 11,871 | 308 | 14,861 |
| 121 | 158 | ... | (c) Nil | 89 | ... | ... | 637 | 5 | 731 |
| 200 | 3,113 | ... | 44 | 268 | ... | 329 | 3,755 | 112 | 4,464 |
| | | | | | | | | | (a) |
| 176 | | | | | | | | | (a) |
| 210 | 2,594 | ... | 42 | 279 | 121 | 121 | 2,506 | 126 | 3,153 |
| 220 | 2,541 | ... | 56 | 573 | 200 | 208 | 2,133 | 66 | 3,180 |
| 200 | 915 | ... | 15 | 444 | ... | ... | 970 | 19 | 1,433 |
| 150 | 2,018 | ... | 29 | 272 | ... | 142 | 2,245 | 44 | 2,703 |
| 750 | 10,115 | 149 | 147 | 1,551 | ... | (d) 2,526 | 8,648 | 197 | 12,922 |
| 109 | 1,269 | ... | 14 | 542 | ... | 363 | 641 | 6 | 1,552 |
| 200 | 889 | ... | 31 | 183 | ... | ... | 1,093 | 9 | 1,285 |
| 55 | 881 | 2 | 13 | 114 | 53 | 77 | 883 | 71 | 1,198 |
| 300 | 4,194 | 40 | 75 | 1,300 | 431 | 437 | 2,705 | 114 | 4,987 |
| 65 | 611 | ... | 9 | 75 | 20 | 161 | 555 | 18 | 812 |

(a) Not stated.

(b) Including £160,000, balance of purchase of A. Heywood, Son & Co.'s business.

(c) £11,000 transferred from Reserve Fund to meet deficit.

(d) Including £4,219 of the Bank's own Stock.

(e) £23 paid out of profits.

† Including Liability of Customers for Acceptances and Endorsements.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus:—£1,000 =

| Bank. | Account made up to | No. of Branches & Sub-Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus per Annum. |
|---|--------------------|---------------------------------|--|----------|--------------------------|----------------------------------|------------------------------|-------------------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Central Bank of London, Ltd. ... | 1885. Jun.30 | 7 | £ 250 | £ 125 | £ 10 | £ 5 | £ 5 | % 10 |
| *Cheque Bank, Limited | Feb. 28 | 1 | 52 | 26 | 10 | 5 | ... | Nil |
| City Bank, Limited | Jun.30 | 8 | 4,000 | 1,000 | 40 | 10 | 20 | 10 |
| Colonial Bank | " | 13 | 2,000 | 600 | 100 | 30 | ... | 5 |
| Colonial Bank of New Zealand ... | " | 23 | 1,000 | 400 | 5 | 2 | 5 | 7 |
| Commercial Bk of Australia, Ltd. | " | 50 | 1,500 | 600 | 10 | 4 | 6 | 10 |
| *Commercial Bk. of Cornwall, Ltd. | " | 4 | 100 | 25 | 20 | 5 | 15 | 6 |
| Commercial Bkg. Co. of Sydney... | " | 120 | 600 | 600 | 25 | 25 | 25 | 25 |
| Commercial Bank of South Australia | Mar.30 | 28 | 500 | 400 | 5 | 4 | 5 | 8 |
| Consolidated Bank, Limited | Jun.30 | 4 | 2,000 | 800 | 10 | 4 | ... | 10 |
| County of Gloucester Bank, Ltd. | Jun. 24 | 9 | 800 | 183 | 100 | 25 | 50 | 10 |
| *Coventry Union Banking Co. ... | Jun.30 | 1 | 179 | 56 | 20 | 6 5/- | unlmd. | 12 |
| Craven Bank, Limited | " | 19 | 750 | 175 | 30 | 7 | 15 | 7½ |
| *Crompton & Evans Union Bk., Ltd. | " | 9 | 1,000 | 200 | 20 | 4 | ... | 15 |
| Derby Commercial Bank, Ltd. ... | " | None | 200 | 50 | 20 | 5 | 15 | 10 |
| *Derby & Derbyshire Bkng. Co. Ltd. | 1885. Jun.30 | 5 | 313 | 78 | 25 | 6 5/- | 12 10/- | 12 |
| Dumbells Banking Co., Limited... | 1886. Jun.30 | 5 | 111 | 37 | 6 | 2 | 4 | 10 |
| *English Bk. of Rio de Janeiro, Ld. | Feb. 28 | 4 | 1,000 | 500 | 20 | 10 | ... | 9 |
| English, Scottish and Australian Chartered Bank | Jun.30 | 63 | 720 | 720 | 20 | 20 | 20 | 10 |
| Exchange and Discount Bk., Ltd. | " | 2 | 200 | 100 | 10 | 5 | ... | 10 |
| Glamorganshire Bkng. Co. Ltd.... | " | 5 | 1,055 | 120 | 5 } 30 } 30 } | 2 10/- } 2 10/- } 1 17/6 } | pref. } 27 10/- } | 5 } |
| *Gloucestershire Bkng. Co., Ltd.... | " | 38 | 2,000 | 450 | 100 | 22 10/- | 50 | 8½ |
| Glyn, Mills, Currie & Co. | July 31 | None | 1,000 | 1,000 | Stock. | unlmd. | ... | ... |
| *Halifax Commercial Bkg. Co., Ltd. | Jun.30 | 2 | 300 | 150 | 20 | 10 | ... | 10 |
| Imperial Bank, Limited | " | 4 | 2,250 | 675 | 50 | 15 | ... | 7 |
| *Imperial Ottoman Bank | 1884. Dec. 31 | | 10,000 | 5,000 | 20 | 10 | ... | 8 |
| Ionian Bank, Limited | " | 5 | 316 | 316 | 25 } 2 10/- } | 25 } 2 10/- } | 25 } 2 10/- } | 6 } |

* These accounts are made up annually.

STOCK BANK ACCOUNTS (*continued*).

1,000,000 (except columns 1, 2, 5, 6, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|---------------------------|--------------------|--|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans, and other Securities† | Bank Premises, Furniture, &c. | Total Assets. |
| | | | | | British Government Stock. | Other Investments. | | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 93 | 1,893 | Nil | 7 | 567 | 175 | 7 | 833 | 37 | 1,619 |
| Nil | 102 | ... | Nil | 33 | 5 | 100 | ... | 1 | 139 |
| 500 | 4,518 | 2,378 | 98 | 1,499 | ... | 602 | 6,300 | 66 | 8,467 |
| 120 | 1,796 | ... | 33 | 504 | ... | 1,066 | 2,904 | 10 | 4,484 |
| 44 | 1,441 | ... | 17 | 315 | ... | 100 | 1,786 | 7 | 2,208 |
| 215 | 4,038 | ... | 59 | 723 | ... | 107 | 4,540 | 73 | 5,443 |
| 2 | 60 | ... | 2 | 15 | ... | 25 | 46 | 2 | 88 |
| 685 | 8,143 | ... | 85 | 1,730 | ... | 703 | 7,882 | 254 | 10,569 |
| 84 | 844 | ... | 20 | 219 | ... | 34 | 1,285 | 30 | 1,568 |
| 217 | 3,894 | 120 | 41 | 1,276 | ... | 358 | 2,764 | 186 | 4,584 |
| 57 | 1,803 | ... | 14 | 292 | 878 | 536 | 872 | 36 | 2,114 |
| 25 | | | | | | | | | (a) |
| 30 | 1,592 | ... | 14 | 272 | ... | 65 | 1,485 | 43 | 1,865 |
| 100 | 1,913 | ... | 32 | 408 | 110 | 161 | 1,496 | 55 | 2,230 |
| 30 | 282 | Nil | 8 | 30 | ... | 90 | 232 | 20 | 372 |
| 81 | 432 | Nil | 6 | 69 | ... | 60 | 425 | 9 | 563 |
| 15 | 329 | ... | 3 | 40 | ... | 87 | 278 | 1 | 406 |
| 180 | 3,267 | ... | 65 | 355 | ... | ... | 3,600 | 27 | 3,982 |
| 205 | 4,560 | ... | 52 | ... | ... | ... | (b) 6,108 | 217 | 6,325 |
| 57 | 279 | Nil | 5 | 189 | ... | 27 | 209 | 20 | 445 |
| 51 | 823 | 1 | 6 | 161 | ... | ... | 839 | 16 | 1,016 |
| 150 | 2,839 | 28 | 46 | 519 | 59 | 666 | 2,311 | 42 | 3,597 |
| 500 | 12,083 | 1,438 | ... | 4,647 | 1,998 | 642 | 6,196 | 100 | 13,583 |
| 100 | 716 | ... | 16 | 57 | ... | 74 | (c) 844 | 18 | 993 |
| 150 | 2,746 | 544 | 42 | 1,171 | ... | 305 | 2,655 | 24 | 4,155 |
| 2,811 | 4,355 | ... | 462 | 838 | ... | 2,566 | 10,331 | 82 | 13,817 |
| 25 | 382 | ... | 11 | 159 | ... | 114 | 772 | 24 | 1,069 |

(a) Not stated.

(b) Including Bills Receivable, Loans on Security, Cash, Specie and Bullion.

(c) Including Cash in Banker's hands. † Including Liability of Customers for Acceptances and Endorsements.

SUMMARY OF JOINT

In £'s sterling 000 omitted.

| Bank. | Account made up to | No. of Branches & Sub-Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus per Annam. |
|---|--------------------|---------------------------------|--|----------|--------------------------|--------------------|------------------------------|-------------------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| Iale of Man Banking Co., Ltd. | 1885. Jun. 30 | 4 | £ 150 | £ 30 | £ 10 | £ 2 | £ 6 13/4 | % 25 |
| *Knaresborough & Claro Banking Co., Limited | 1884. Dec. 31 | 6 | 214 | 43 | 25 | 5 | 12 10/- | 17 1/2 |
| Leeds & County Bank, Ltd. | 1885. Jun. 30 | 5 | 1,005 | 137 | { 85 25 } | 10 5 | { 42 10/- 12 10/- } | { 6 |
| *Lincoln & Lindsey Banking Co. | " | 13 | 327 | 114 | { 200 50 } | 70 17 10/- | { 100 25 } | 18 |
| *London Chartered Bank of Australia | 1884. Dec. 31 | 32 | 1,000 | 1,000 | 20 | 20 | 20 | 6 |
| London Joint Stock Bank, Ltd. | 1885. Jun. 30 | 6 | 12,000 | 1,800 | 100 | 15 | 50 | 12 1/2 |
| London and North-Western District Bank, Limited | " | None | 12 | 7 | 5 | various | Nil. | 6 |
| London & Provincial Bank | " | 84 | 600 | 300 | 10 | 5 | None | 12 1/2 |
| *London & San Francisco Bk., Ltd. | Mar. 31 | 1 | 420 | 420 | 7 | 7 | ... | 5 |
| London & South-Western Bk., Ltd. | Jun. 30 | 53 | 1,000 | 300 | 50 | 15 | NIL | 6 |
| London & Westminster Bk., Ltd. | " | 9 | 14,000 | 2,800 | 100 | 20 | | 16 |
| London & Yorkshire Bank, Ltd. | " | 18 | 551 | 145 | 9 10/- | 2 10/- | 5 | 5 |
| Manchester & County Bank, Ltd. | Jun. 30 | 36 | 4,400 | 660 | 100 | 15 | 75 | 15 |
| Manx Bank, Limited | " | 3 | 75 | 25 | 6 | 2 | ... | 5 |
| Mercantile Bank of Sydney | " | 11 | 300 | 300 | 4 | 4 | 4 | 9 |
| National Bank, Limited | " | 110 | 7,500 | 1,500 | 50 | 10 | 33 6/8 | 11 |
| National Bank of Australasia ... | Mar. 31 | 117 | 1,000 | 800 | 5 | 4 | 5 | 15 |
| National Bk. of New Zealand, Ltd. | " | 24 | 1,000 | 250 | 10 | 2 10/- | ... | 5 |
| *National Provincial Bank of England, Limited | 1884. Dec. 31 | 153 | 12,037 | 2,194 | { 75 60 } | { 10 10/- 12 } | { 50 40 } | 20 |
| New Oriental Bk. Corporatn., Ltd. | 1885. Mar. 31 | 18 | 331 | 331 | 10 | 10 | NIL | 5 |
| North-Eastern Banking Co., Ltd. | Jun. 30 | 30 | 1,020 | 236 | 20 | 6 | ... | 5 1/2 |
| Northern Banking Company, Limited | Aug 30 | 71 | 1,750 | 341 | 50 | 10 | 30 | { 12 6 } |
| Oldham Joint Stock Bank | 1884. Dec. 31 | 5 | (s) 467 | 48 | 20 | 2 | 10 | 7 1/2 |

* These accounts are made up annually.

STOCK BANK ACCOUNTS (*continued*).

1,000,000 (except columns 1, 2, 5, 8, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|----------------------------|--------------------|---|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans and other Securities† | Bank Premises, Furniture, &c. | Total Assets. |
| | | | | | British Government Stocks. | Other Investments. | | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 40 | 452 | ... | 4 | 41 | ... | 200 | 314 | 4 | 559 |
| 44 | 345 | ... | 9 | (a) 126 | ... | ... | 312 | 17 | 455 |
| 15 | 836 | ... | 8 | (b) 251 | Nil | 84 | 634 | 30 | 999 |
| 142 | 637 | ... | 20 | 75 | 86 | 31 | 733 | 25 | 950 |
| 60 | 3,071 | ... | 50 | 447 | ... | (c) 388 | (d) 3,769 | 185 | 4,789 |
| 1,160 | 13,228 | 2,048 | 113 | 2,541 | 1,800 | ... | 13,848 | 168 | 18,357 |
| 1 | 21 | ... | ... | 4 | ... | ... | 28 | ... | 32 |
| 220 | 3,663 | ... | 37 | 719 | 479 | 805 | 2,172 | 45 | 4,220 |
| 40 | 818 | ... | 23 | 166 | ... | ... | 1,070 | 60 | 1,296 |
| 40 | 2,954 | Nil | 16 | 763 | 324 | 663 | 1,496 | 109 | 3,355 |
| 1,643 | 25,062 | 355 | 232 | 8,609 | 4,452 | 750 | 16,524 | 345 | 30,680 |
| 2 | 528 | 38 | 5 | 151 | ... | (f) 108 | 552 | 42 | 853 |
| 515 | 5,541 | 100 | 60 | 2,214 | 295 | ... | 4,297 | 82 | 6,888 |
| ... | 70 | ... | 1 | 20 | Nil | Nil | 83 | 4 | 107 |
| 150 | 2,090 | ... | 38 | 333 | ... | 94 | 2,112 | 64 | 2,603 |
| 218 | 8,675 | 37 | 81 | 1,306 | 1,334 | 440 | 8,343 | 288 | 11,711 |
| 410 | 5,445 | ... | 73 | 866 | ... | 304 | 6,659 | 241 | 8,070 |
| Nil. | 1,754 | ... | 17 | 869 | ... | 198 | 1,847 | 124 | 2,538 |
| 1,415 | 32,889 | 441 | 440 | 5,841 | 6,118 | 4,577 | 20,179 | 617 | 37,332 |
| Nil | 1,786 | ... | 6 | 257 | ... | ... | 2,126 | ... | 2,383 |
| 58 | 691 | Nil | 7 | 71 | 83 | 159 | 640 | 34 | 987 |
| 140 | 2,230 | Nil | 35 | 436 | ... | 369 | 2,302 | ... | 3,108 |
| 8 | 478 | ... | 7 | 83 | ... | 82 | 364 | 8 | 537 |

(a) Including Bills, Consols and other Securities.

(b) Including Bills of Exchange.

(c) Investments, Bills of Exchange, Loans, and other Assets in London.

(d) Including Money at call.

(e) Since increased to £780,000.

† Including Liability of Customers for Acceptances and Endorsements.

(f) Including British Government Stocks

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus:—£1,000 =

| Bank. | Account made up to | No. of Branches & Sub-Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus per Annum. |
|---|--------------------|---------------------------------|--|----------|--------------------------|-----------------------|------------------------------|-------------------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| *Preston Banking Co., Limited... | 1885. Jun. 30 | 12 | £ 600 | £ 150 | { 100 100 } | { 25 25 } | 45 | 10 |
| Provincial Bank of Ireland | " | 58 | 4,080 | 540 | { 100 20 } | 12 10/- 10 | { 50 10 } | 12 |
| Queensland National Bk., Ltd. | " | 44 | 1,305 | 652 | 10 | 5 | 5 | 15 |
| *Royal Bank of Ireland, Limited | Aug 31 | 5 | 1,500 | 300 | 50 | 10 | 30 | 12 |
| Royal Exchange Bank, Limited | Jun. 30 | None | 75 | 57 | 10 | { 10 5 3 1 } | ... | 4 |
| *Sheffield and Hallamshire Bank | " | None | 840 | 210 | 100 | 25 | unltd. | 12 |
| *Sheffield Union Bkg. Co., Ltd. | " | 8 | 600 | 150 | 40 | 10 | 22 | 7½ |
| Stuckey's Banking Co. | " | 49 | 608 | 304 | 100 | 50 | unltd. | ... |
| *Swaledale and Wensleydale Banking Company, Limited..... | 1884. Dec. 31 | 5 | 420 | 63 | 50 | 7 10/- | 30 | 20 |
| *Three Towns Banking Co., Ltd. | " | 1 | 75 | 25 | 37 10/- | 12 10/- | ... | 5 |
| *Ulster Bank | 1885. Aug 31 | 107 | 2,400 | 400 | 15 | 2 10/- | 10 | 20 |
| Union Bank of Australia, Ltd. | Feb. 28 | 71 | 4,500 | 1,500 | 75 | 25 | 50 | 16 |
| Union Bank of London, Limited. | Jun. 30 | 5 | 11,000 | 1,705 | 100 | 15 10/- | 50 | 12½ |
| *Union Bank of Manchester, Ltd. | " | 36 | 1,000 | 440 | 25 | 11 | nil. | 9 |
| *Wakefield & Barnsley Union Bank, Limited | 1884. Dec. 31 | 2 | 400 | 108 | 50 | 13 10/- | ... | 10 |
| *West London Commercial Bk., Ltd. | " | 3 | 43 | 28 | 10 | 6 | ... | 3 |
| *West Riding Union Bnkg. Co., Ltd. | " | 4 | 1,580 | 474 | 50 | 15 | 25 | 12½ |
| *Whitehaven Joint Stock Bnkg. Co. | 1885. Jun. 30 | 5 | 300 | 45 | 100 | 15 | unltd. | 33½ |
| *Worcester City and County Banking Company, Limited | " | 19 | 1,000 | 250 | 50 | 12 10/- | ... | 10 |
| Yorkshire Banking Co., Limited | " | 27 | 1,250 | 313 | 50 | 12 10/- | 25 | 10 |

* These accounts are made up annually.

STOCK BANK ACCOUNTS (*continued*).

1,000,000 (except columns 1, 2, 5, 6, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|---------------------------|--------------------|--|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans, and other Securities† | Bank Premises, Furniture, &c. | Total Assets. |
| | | | | | British Government Stock. | Other Investments. | | | |
| 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 56 | 1,181 | ... | 19 | 202 | ... | 198 | 974 | 23 | 1,397 |
| 174 | 3,881 | ... | 33 | 455 | ... | 968 | 3,750 | 151 | 5,324 |
| 305 | 5,049 | ... | 59 | (a) 1,804 | ... | 54 | 4,543 | 175 | 6,576 |
| 200 | 1,621 | ... | 42 | 269 | 225 | 303 | 1,356 | 30 | 2,183 |
| 2 | 96 | ... | ... | 26 | ... | 5 | 120 | 2 | 153 |
| 89 | 787 | ... | 26 | 128 | ... | 141 | 816 | 16 | 1,101 |
| 10 | 505 | ... | 13 | 61 | 10 | 35 | 565 | 15 | 686 |
| 250 | 4,449 | 24 | 46 | 412 | 1,441 | 1,311 | 2,037 | 63 | 5,264 |
| 50 | 712 | ... | 15 | 141 | ... | ... | 754 | ... | 895 |
| Nil | 55 | ... | 2 | 9 | ... | ... | 73 | ... | 82 |
| 468 | 3,474 | Nil. | 74 | 600 | 390 | 510 | 3,346 | 54 | 4,900 |
| 970 | 10,319 | ... | 127 | 2,483 | ... | 786 | 11,508 | 318 | 15,095 |
| 850 | 13,347 | 1,215 | 107 | 3,985 | 2,432 | 631 | 9,866 | 477 | 17,391 |
| 145 | 2,020 | 17 | 79 | 573 | 75 | 53 | 1,899 | 43 | 2,643 |
| 108 | 706 | ... | 18 | 249 | 30 | ... | 741 | ... | 1,020 |
| 5 | 185 | ... | 2 | 28 | ... | ... | 163 | 9 | 222 |
| 39 | 1,243 | ... | 48 | 335 | ... | ... | 1,466 | 10 | 1,811 |
| 34 | — | (d) | 16 | — | — | — | (d) | 9 | (d) |
| 90 | 1,512 | ... | 26 | 189 | 89 | ... | 1,553 | 69 | 1,900 |
| 55 | (b) 2,331 | ... | 27 | (c) 541 | 124 | 382 | 1,725 | 82 | 2,854 |

(a) Including Money in London at call and on short notice.

(b) Including outstanding drafts on London Agents.

(c) Including Bills of Exchange.

(d) Not stated.

† Including Liability of Customers for Acceptances and Endorsements.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. June 3. 1 | 1885. June 10. 2 | 1885. June 17. 3 | 1885. June 24. 4 | 1885. June 25. 5 |
|---|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF ENGLAND. | | | | | |
| ISSUE DEPARTMENT. | £ | £ | £ | £ | £ |
| Notes issued | 41,613 | 42,055 | 42,580 | 42,667 | 40,259 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,785 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 25,863 | 26,305 | 26,830 | 26,917 | 24,509 |
| | 41,613 | 42,055 | 42,580 | 42,667 | 40,259 |
| BANKING DEPARTMENT. | | | | | |
| LIABILITIES. | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Reserve | 3,103 | 3,104 | 3,106 | 3,105 | 3,073 |
| Public deposits | 7,131 | 7,698 | 7,738 | 7,871 | 9,889 |
| Other deposits | 28,081 | 27,416 | 28,323 | 28,239 | 23,790 |
| Seven day and other bills | 167 | 172 | 155 | 171 | 175 |
| Total | 53,035 | 52,943 | 53,875 | 53,939 | 51,480 |
| ASSETS. | | | | | |
| Government securities | 14,343 | 13,743 | 13,743 | 13,793 | 13,613 |
| Other securities | 20,800 | 20,991 | 21,112 | 21,191 | 21,991 |
| Notes | 16,683 | 17,012 | 17,810 | 17,756 | 14,944 |
| Gold and Silver coin | 1,209 | 1,197 | 1,210 | 1,199 | 932 |
| Total | 53,035 | 52,943 | 53,875 | 53,939 | 51,480 |
| Notes in the hands of the Public | 24,930 | 25,043 | 24,770 | 24,912 | 25,315 |
| Reserve | 17,892 | 18,209 | 19,020 | 18,955 | 15,876 |
| Proportion of reserve to liabilities (per cent.) | 50.57 | 51.60 | 52.51 | 52.24 | 46.89 |
| Rate of discount | 2 ½ | 2 ½ | 2 ½ | 2 ½ | 2 ½ |
| RATES OF EXCHANGE ON LONDON. | 1885 June 4. | 1885. June 11. | 1885. June 18. | 1885. June 25. | 1884. June 26. |
| Paris, cheque— (par £1=25f. 22½ c.) | 25.20 | 25.21 | 25.20 | 25.19 | 25.19 |
| Berlin, 8 days— (par £1=20m. 43 pf.) | 20.40 | 20.39 | 20.36 | 20.35 | 20.42½ |
| New York, 60 days— (par £1=\$4.867) | 4.86½ | 4.85½ | 4.85½ | 4.84½ | 4.81½ |
| Calcutta, 4 m/d— (per rupee) | 1s. 6½d. | 1s. 6½d. | 1s. 6½d. | 1s. 6½d. | 1s. 7½d. |

WEEKLY RETURNS.

In £'s sterling 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. July 1. 1 | 1885. July 8. 2 | 1885. July 15. 3 | 1885. July 22. 4 | 1885. July 29. 5 | 1885. July 30. 6 |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF ENGLAND. | | | | | | |
| ISSUE DEPARTMENT. | £ | £ | £ | £ | £ | £ |
| Notes issued | 42,075 | 41,763 | 42,129 | 41,620 | 41,320 | 39,253 |
| Government debt..... | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion..... | 26,325 | 26,013 | 26,379 | 25,870 | 25,570 | 23,503 |
| | 42,075 | 41,763 | 42,129 | 41,620 | 41,320 | 39,253 |
| BANKING DEPARTMENT. | | | | | | |
| LIABILITIES. | | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Reserve | 8,142 | 8,330 | 8,349 | 8,351 | 8,364 | 8,341 |
| Public deposits | 6,413 | 6,208 | 4,883 | 5,703 | 5,362 | 5,097 |
| Other deposits | 29,255 | 32,300 | 34,244 | 33,104 | 32,984 | 26,630 |
| Seven day and other bills ... | 176 | 157 | 202 | 180 | 150 | 204 |
| Total | 53,539 | 56,548 | 57,231 | 56,891 | 56,413 | 49,825 |
| ASSETS. | | | | | | |
| Government securities | 13,859 | 17,055 | 17,055 | 17,070 | 17,071 | 13,579 |
| Other securities | 22,247 | 22,353 | 22,339 | 22,304 | 22,094 | 22,123 |
| Notes | 16,277 | 15,951 | 16,730 | 16,516 | 16,154 | 13,255 |
| Gold and silver coin | 1,156 | 1,189 | 1,107 | 1,001 | 1,094 | 858 |
| Total | 53,539 | 56,548 | 57,231 | 56,891 | 56,413 | 49,825 |
| Notes in the hands of the public..... | 25,798 | 25,812 | 25,399 | 25,104 | 25,166 | 25,988 |
| Reserve | 17,433 | 17,140 | 17,837 | 17,517 | 17,248 | 14,123 |
| Proportion of reserve to liabilities (per cent.) | 48.63 | 44.32 | 45.37 | 44.98 | 44.80 | 44.23 |
| Rate of discount | 2 % | 2 % | 2 % | 2 % | 2 % | 2 % |
| | | | | | | |
| | 1885. July 2. | 1885. July 9. | 1885. July 16. | 1885. July 23. | 1885. July 30. | 1885. July 31. |
| RATES OF EXCHANGE ON LONDON. | | | | | | |
| Paris, Cheque— (par £1 = 25f. 22½c.) | 20.19½ | 25.18 | 25.18½ | 25.18½ | 25.18 | 25.14½ |
| Berlin, 8 days— (par £1 = 20m. 43pf.) | 20.35½ | 20.37 | 20.36 | 20.35½ | 20.37 | 20.41 |
| New York, 60 days— (par £1 = \$4.867)..... | 4.88½ | 4.84½ | 4.84 | 4.85½ | 4.85 | 4.81½ |
| Calcutta, 4 m/d— (per rupee) .. | 1s. 6¼d. | 1s. 6¼d. | 1s. 6¼d. | 1s. 6¼d. | 1s. 6¼d. | 1s. 7½d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Aug. 5. | 1885. Aug. 12. 2 | 1885. Aug. 19. 3 | 1885. Aug. 26. 4 | 1885. Aug. 27. 6 |
|---|------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF ENGLAND. | | | | | |
| ISSUE DEPARTMENT. | | | | | |
| Notes issued | £ 40,524 | £ 39,888 | £ 40,188 | £ 39,546 | £ 38,446 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,785 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 24,774 | 24,138 | 24,388 | 23,796 | 22,696 |
| | 40,524 | 39,888 | 40,188 | 39,546 | 38,446 |
| BANKING DEPARTMENT. | | | | | |
| LIABILITIES. | | | | | |
| Proprietor's capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Res. | 3,393 | 3,396 | 3,414 | 3,418 | 3,376 |
| Public deposits | 4,673 | 4,273 | 4,206 | 3,653 | 5,770 |
| Other deposits | 32,194 | 30,163 | 30,586 | 31,078 | 24,060 |
| Seven day and other bills,..... | 183 | 191 | 169 | 169 | 178 |
| Total..... | 54,996 | 52,576 | 52,928 | 52,871 | 47,937 |
| ASSETS. | | | | | |
| Government securities | 17,568 | 15,893 | 15,564 | 15,956 | 13,578 |
| Other securities | 21,545 | 21,281 | 21,252 | 21,197 | 20,919 |
| Notes | 14,813 | 14,358 | 15,006 | 14,711 | 12,655 |
| Gold and Silver coin | 1,070 | 1,044 | 1,106 | 1,007 | 785 |
| Total..... | 54,996 | 52,576 | 52,928 | 52,871 | 47,937 |
| Notes in the hands of the | | | | | |
| Public..... | 25,711 | 25,530 | 25,132 | 24,885 | 25,791 |
| Reserve | 15,883 | 15,402 | 16,112 | 15,718 | 13,440 |
| Proportion of reserve to | | | | | |
| liabilities (per Cent.) | 42.87 | 44.47 | 46.08 | 45.03 | 44.78 |
| Rate of discount | 2 % | 2 % | 2 % | 2 % | 2 % |
| RATES OF EXCHANGE ON LONDON. | | | | | |
| Paris, cheque— (par £1=25f. 22½ c.) | 25.18 | 25.20 | 25.20½ | 25.21 | 25.18½ |
| Berlin, 8 days— (par £1=20m. 43 pf.) | 20.39 | 20.88½ | 20.38 | 20.36 | 20.40 |
| New York, 60 days— (par £1=\$4.867) | 4.85½ | 4.85½ | 4.84½ | 4.84 | 4.83 |
| Calcutta, 4m/d— (per rupee) | 1s. 6½¾d. | 1s. 6½d. | 1s. 6½¾d. | 1s. 6½¾d. | 1s. 7¼d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks ending } | 1885. June 4. 1 | 1885. June 11. 2 | 1885. June 18. 3 | 1885. June 25. 4 | 1884. June 26. 5 |
|--|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF FRANCE. | | | | | |
| (Converting the franc at 25 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Public deposits | 6,802 | 6,778 | 7,266 | 8,442 | 4,102 |
| Private deposits..... | 16,287 | 15,556 | 15,033 | 15,316 | 16,933 |
| Notes in circulation | 111,955 | 111,287 | 111,328 | 110,522 | 114,692 |
| Other items | 12,085 | 12,578 | 12,798 | 12,527 | 12,610 |
| Total..... | 147,129 | 146,199 | 146,425 | 146,807 | 148,337 |
| ASSETS. | | | | | |
| Gold | 44,164 | 45,318 | 45,707 | 46,032 | 41,772 |
| Silver | 43,078 | 43,123 | 43,259 | 43,349 | 40,620 |
| Bills | 29,707 | 28,340 | 28,273 | 27,603 | 36,234 |
| Advances | 17,380 | 17,177 | 17,218 | 17,272 | 17,527 |
| Other items | 12,800 | 12,241 | 11,968 | 12,551 | 12,184 |
| Total..... | 147,129 | 146,199 | 146,425 | 146,807 | 148,337 |
| Rate of discount..... | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 33,643 | 34,186 | 35,837 | 40,721 | 40,953 |
| Current accounts | 12,041 | 12,810 | 12,604 | 11,648 | 11,601 |
| Other items | 7,093 | 7,188 | 7,159 | 7,140 | 7,081 |
| ASSETS. | | | | | |
| Coin and Bullion | 30,683 | 30,789 | 30,837 | 29,855 | 30,633 |
| Bills and Loans..... | 18,761 | 18,874 | 20,126 | 24,689 | 25,333 |
| Other items | 3,832 | 4,895 | 4,970 | 5,321 | 3,758 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. July 2. 1 | 1885. July 9. 2 | 1885. July 16. 3 | 1885. July 23. 4 | 1885. July 30. 5 | 1885. July 31. 6 |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF FRANCE. | | | | | | |
| (Converting the franc at 25 to the £) | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Public deposits | 7,682 | 7,333 | 7,898 | 8,867 | 9,709 | 6,945 |
| Private deposits..... | 16,515 | 15,568 | 14,543 | 14,882 | 15,947 | 16,972 |
| Notes in circulation | 112,570 | 112,890 | 113,548 | 112,256 | 112,618 | 118,970 |
| Other items | 13,242 | 12,655 | 12,513 | 12,323 | 12,205 | 12,281 |
| Total | 150,009 | 148,446 | 148,502 | 148,328 | 150,479 | 155,168 |
| ASSETS. | | | | | | |
| Gold | 46,053 | 46,006 | 45,924 | 46,123 | 46,311 | 41,763 |
| Silver | 43,169 | 43,107 | 43,031 | 43,179 | 43,330 | 40,637 |
| Bills | 31,227 | 29,903 | 30,176 | 29,644 | 31,465 | 43,630 |
| Advances | 17,593 | 17,514 | 17,329 | 17,265 | 17,217 | 17,534 |
| Other items | 11,967 | 11,916 | 12,042 | 12,117 | 12,156 | 11,604 |
| Total | 150,009 | 148,446 | 148,502 | 148,328 | 150,479 | 155,168 |
| Rate of discount | 3 % | 3 % | 3 % | 3 % | 3 % | 3 % |
| | 1885. July 7. | 1885. July 15. | 1885. July 22. | 1885. July 31. | | 1885. July 31. |
| IMPERIAL BANK OF GERMANY. | | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | | £ |
| Notes in circulation | 39,354 | 37,243 | 36,004 | 36,343 | | 36,287 |
| Current accounts | 11,567 | 11,033 | 11,529 | 11,631 | | 10,985 |
| Other items | 7,123 | 7,110 | 7,105 | 7,097 | | 7,041 |
| ASSETS. | | | | | | |
| Coin and Bullion | 29,527 | 29,671 | 29,849 | 29,900 | | 30,610 |
| Bills and Loans | 23,595 | 21,032 | 20,490 | 20,675 | | 20,534 |
| Other items | 5,265 | 5,017 | 4,665 | 4,940 | | 3,468 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Aug. 6. 1 | 1885. Aug. 13. 2 | 1885. Aug. 20. 3 | 1885. Aug. 27. 4 | 1885. Aug. 28. 5 |
|---|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF FRANCE. | | | | | |
| (Converting the franc at 25 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Public deposits | 9,026 | 9,420 | 8,769 | 9,144 | 6,816 |
| Private deposits | 14,925 | 15,001 | 15,304 | 17,299 | 17,534 |
| Notes in circulation | 110,957 | 110,288 | 109,574 | 108,778 | 112,850 |
| Other items..... | 12,209 | 12,414 | 12,387 | 12,314 | 12,360 |
| Total..... | 147,117 | 147,123 | 146,034 | 147,535 | 149,559 |
| ASSETS. | | | | | |
| Gold | 46,392 | 46,420 | 46,655 | 46,827 | 42,336 |
| Silver | 43,509 | 43,738 | 43,919 | 44,066 | 41,059 |
| Bills | 27,532 | 27,689 | 25,922 | 27,116 | 36,863 |
| Advances | 17,412 | 17,308 | 17,323 | 17,403 | 17,459 |
| Other items | 12,272 | 11,968 | 12,215 | 12,123 | 11,842 |
| Total..... | 147,117 | 147,123 | 146,034 | 147,535 | 149,559 |
| Rate of discount | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | |
| (Converting the reich-mark at 20 to the £.) | | | | | |
| | 1885. Aug. 7. | 1885. Aug. 14. | 1885. Aug. 22. | 1885. Aug. 31. | 1885. Aug. 30. |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 35,626 | 34,828 | 34,598 | 35,609 | 35,596 |
| Current accounts | 11,441 | 11,557 | 12,184 | 12,658 | 11,522 |
| Other items | 7,093 | 7,091 | 7,090 | 7,089 | 7,033 |
| ASSETS. | | | | | |
| Coin and bullion | 29,796 | 29,763 | 29,818 | 29,548 | 29,969 |
| Bills and loans | 20,015 | 19,386 | 19,214 | 19,598 | 20,145 |
| Other items | 4,813 | 4,799 | 5,277 | 6,653 | 4,387 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. May 9. 1 | 1885. May 16. 2 | 1885. May 23. 3 | 1885. May 30. 4 | 1884. May 31. 5 |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| NEW YORK ASSOCIATED BANKS. | | | | | |
| (Converting the dollar at 5 to the £). | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 2,159 | 2,106 | 2,086 | 2,073 | 2,374 |
| Net Deposits | 72,382 | 72,994 | 72,655 | 72,297 | 57,672 |
| ASSETS. | | | | | |
| Loans and Discounts | 59,820 | 59,750 | 59,200 | 58,629 | 61,929 |
| Specie | 22,607 | 22,728 | 22,921 | 22,900 | 9,197 |
| Legal tenders | 6,548 | 7,003 | 7,205 | 7,328 | 4,826 |
| Legal reserve (being one-fourth of net deposits) | 18,095 | 18,248 | 18,164 | 18,074 | 14,418 |
| Reserve held (consisting of specie and legal tenders) | 29,155 | 29,731 | 30,126 | 30,228 | 14,023 |
| Surplus | 11,060 | 11,483 | 11,962 | 12,154 | * 395 |
| | 1885. June 3. | 1885. June 10. | 1885. June 17. | 1885. June 24. | 1884. June 25. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ |
| Clearing-house returns | 117,446 | 93,288 | 116,138 | 91,083 | 97,327 |
| Average price of Wheat | 34s. 11d. | 34s. 6d. | 33s. 6d. | 33s. 2d. | 37s. 0d. |
| Price of Consols | 99½ | 99½ | 99½ | 99½ | 100 |
| Bar silver, fine, per oz. standard | 49½d. | 49½d. | 49½d. | 49½d. | 50½d. |
| 3 % French Rentes | 82 | 82½ | 81½ | 81½ | 77½ |

* Deficit.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. June 6. 1 | 1885. June 13. 2 | 1885. June 20. 3 | 1885. June 27. 4 | 1885. July 4. 5 | 1884. July 5. 6 |
|--|-----------------------|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £). | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Notes in circulation | 2,023 | 2,027 | 1,996 | 1,982 | 1,968 | 2,387 |
| Net deposits | 72,843 | 73,519 | 74,350 | 75,353 | 76,160 | 58,061 |
| ASSETS. | | | | | | |
| Loans and discounts | 59,261 | 59,367 | 59,777 | 60,747 | 61,441 | 58,521 |
| Specie | 22,920 | 23,037 | 22,930 | 22,791 | 22,824 | 12,170 |
| Legal tenders | 7,294 | 7,789 | 8,145 | 8,726 | 8,537 | 5,605 |
| Legal reserve (being one-fourth of net deposits) | 18,211 | 18,380 | 18,587 | 18,838 | 19,040 | 14,515 |
| Reserve held (consisting of specie and legal tenders) | 30,214 | 30,776 | 31,075 | 31,517 | 31,361 | 17,775 |
| Surplus | 12,003 | 12,896 | 12,488 | 12,679 | 12,321 | 3,260 |
| | 1885. July 1. | 1885. July 8. | 1885. July 15. | 1885. July 22. | 1885. July 29. | 1884. July 30. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ | £ |
| Clearing-house returns | 124,816 | 110,745 | 113,387 | 93,369 | 79,240 | 112,275 |
| Average price of wheat | 32s. 8d. | 33s. 3d. | 33s. 8d. | 33s. 11d. | 33s. 11d. | 37s. 1d. |
| Price of consols | 99½ | 99½ | 99½ | 99½ | 100 | 100½ |
| Bar silver, fine, per oz. standard | 49½d. | 49½d. | 49½d. | 49½d. | 49½d. | 50½d. |
| 3 % French Rentes | 81·7½ | 81·10 | 80·47½ | 80·87½ | 81·15 | 75·55 |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. July 11. 1 | 1885. July 18. 2 | 1885. July 25. 3 | 1885. Aug. 1. 4 | 1884. Aug. 2. 5 |
|--|------------------------|------------------------|------------------------|-----------------------|-----------------------|
| NEW YORK ASSOCIATED BANKS. | | | | | |
| (Converting the dollar at 5 to the £.) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 1,942 | 1,947 | 1,940 | 1,935 | 2,379 |
| Net deposits | 76,752 | 77,577 | 77,013 | 76,600 | 60,323 |
| ASSETS. | | | | | |
| Loans and discounts | 61,318 | 61,525 | 61,623 | 61,262 | 57,670 |
| Specie | 23,243 | 23,269 | 23,147 | 23,099 | 14,949 |
| Legal tenders | 8,725 | 9,040 | 8,975 | 8,996 | 6,314 |
| Legal reserve (being one-fourth of net deposits) | 19,188 | 19,394 | 19,253 | 19,150 | 15,231 |
| Reserve held (being specie and legal tenders) | 31,968 | 32,309 | 32,122 | 32,095 | 21,263 |
| Surplus | 12,780 | 12,915 | 12,869 | 12,945 | 6,032 |
| | 1885. Aug. 5. | 1885. Aug. 12. | 1885. Aug. 19. | 1885. Aug. 26. | 1884. Aug. 27. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ |
| Clearing-house returns | 114,239 | 98,949 | 112,966 | 81,446 | 88,586 |
| Average price of wheat | 34s. 1d. | 33s. 6d. | 33s. 1d. | 33s. 5d. | 36s. 4d. |
| Price of consols | 99½ | 99½ | 100 | 100½ | 100½ |
| Bar silver, fine, per oz. standard | 49 ¼d. | 49 ¼d. | 48½d. | 48½d. | 50½d. |
| 3 % French Rentes | 80·67½ | 80·75 | 80·97½ | 81·15 | 78·67½ |

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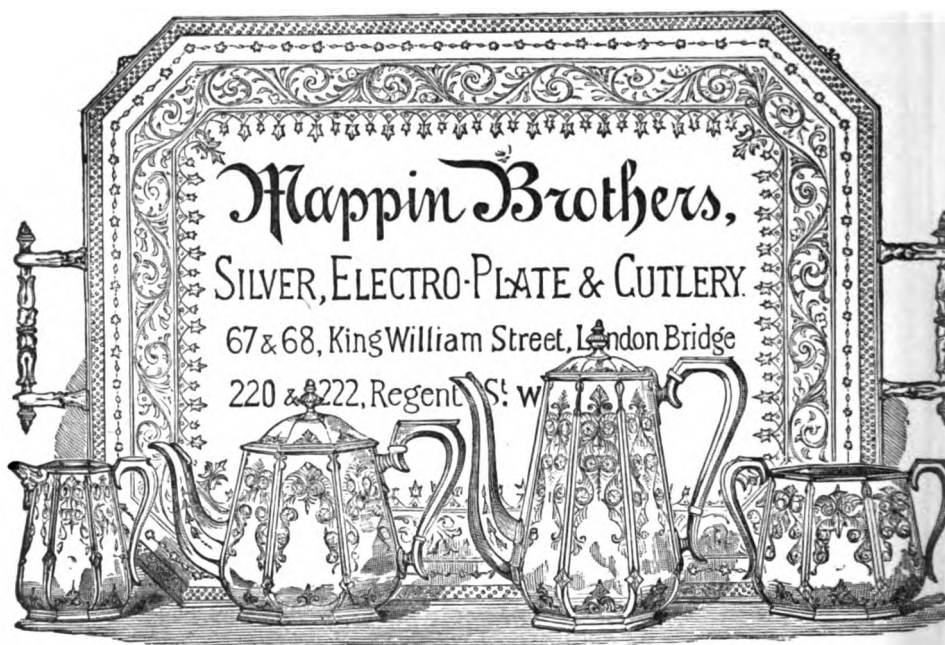


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| | | | | | |
|---------------------|-----|-----|-----|-----|-------------------|
| SUBSCRIBED CAPITAL | ... | ... | ... | ... | £2,000,000 |
| PAID-UP CAPITAL | ... | ... | ... | ... | 1,000,000 |
| TOTAL FUNDS IN HAND | ... | ... | ... | ... | 3,861,000 |
| TOTAL INCOME, OVER | ... | ... | ... | ... | 718,000 |

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Actuary and Secretary—T. G. C. BROWNE.

Bankers—Messrs. MARTIN & Co., 68, Lombard Street.

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Branch Manager—RALPH P. HARDY.

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The last Quinquennial Valuation was made on the basis of the Institute of Actuaries' (HM) Table of Mortality and 3 per cent. interest. The Valuation was strictly a net premium one, the whole of the loading being reserved.

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The GUARDIAN system of Paid-up and Non-Forfeiture Policies gives ample protection to Policy-holders who from any cause cannot continue their periodical payments.

LOANS are granted on Life Policies to nearly the amount of the Surrender Value.

LIFE FUND (1883), £2,217,000.

LIFE INCOME, £281,000.

FIRE DEPARTMENT.

Insurances Effectuated upon Property at Home and Abroad at Moderate Rates.

FIRE FUND (1883), £457,000.

FIRE INCOME, £391,000.

The Capital and Counties Bank, Limited.

ESTABLISHED 1834.

Subscribed Capital, £2,000,000.

Paid-up Capital, £400,000. Reserve Fund, £300,000.

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HENRY WILLIAM COBB, Esq.

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ARCHIBALD YOUNG, *City Manager.*

JOHN REID, *Secretary.*

J. J. MACDONALD, *Chief Accountant.*

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Chichester
Chippenham
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Dorking
Emsworth
Fareham
Gosport
Guildford
Hastings
Havant
Highworth
Hungerford
Jersey
Landport
Malmesbury

Marlborough
Melksham
Newport, I.W.
Odiham
Petersfield
Pewsey
Portsea
Portsmouth
Reading
Redland (Bristol)
Romsey
Ryde
Salisbury

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CURRENT ACCOUNTS opened in London on terms usual among London Bankers. Where inconvenient for customers to maintain a remunerative balance, a moderate Commission is charged.

DEPOSIT RECEIPTS issued in London, and Interest allowed at rates as advertised from time to time, or for fixed periods and rates as may be agreed upon.

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Facilities given for the transmission of money between London and the Towns where the Company has Branches.

The Agency of Foreign and Country Banks is undertaken.

Investments in and Sales of Home and Foreign Securities effected.

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Capital £1,000,000, In 20,000 Shares of £50 each.

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Reserve Fund, £35,000.

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Assist. Manager—JOHN LISCOMBE.

Branch Inspector—JOHN WILLIAMS.

Head Office :—7, FENCHURCH STREET, E.C.

West End Branch :—27, REGENT STREET, S.W.

ACTON ... High Street.
ADDISCOMBE ... Lower Addiscombe Rd.
ANERLEY ... 135, Anerley Road.
BALHAM ... High Road.
BATTERSEA ... Battersea Park Road.
BERMONDSEY ... 159, Old Kent Road.
BOW ... 90 & 92, Bow Road.
BRIXTON, North ... 275, Brixton Road.
BRIXTON, South ... 465, Brixton Road.
CAMBERWELL ... Camberwell Green.
CAMDEN TOWN ... Park Street.
CHISWICK ... High Road.
CLAPHAM ... Clapham Common.
CLAPHAM JUNG. ... 3, Garfield Terrace.
CLAPTON ... 8, Lea Bridge Corner.
CROYDON ... North End.
EALING ... The Broadway.
FINSBURY ... 82, Finsbury Pavement.
FINSBURY PARK ... Finsbury Park Bldgs.
FOREST GATE ... 16, Woodgrange Road.
FOREST HILL ... High Street.
HAMMERSMITH ... 92, King Street West.
HAMPSTEAD ... High Street.
HARROW ROAD. ... 6, Sutherland Gardens.

HENDON ... The Institute.
HIGHGATE ... High Street.
HOLLOWAY ... 403, Holloway Road.
KENTISH TOWN ... 228, Kentish Town Rd.
KILBURN ... Station Road.
LOWER NORWOOD ... 435, Norwood Road.
NEW CROSS ... 247, Lewisham H. Rd.
NOTTING HILL ... 137, Ladbroke Grove.
OXFORD STREET ... 451, Oxford Street.
PECKHAM ... High Street.
POPLAR ... 193, E. India Dk. Rd.
PUTNEY ... 127, Upper Rd., Richmond.
ST. JOHN'S WOOD ... Wellington Road.
SHEPHERD'S BUSH ... Uxbridge Road.
STH. HAMPSTEAD ... 48, Finchley New Rd.
SOUTH NORWOOD ... High Street.
STEPNEY ... 368, Commercial Rd.
STREATHAM ... Streatham Road.
SYDENHAM ... Bank Buildings.
TOOTING ... The Broadway.
UPPER NORWOOD ... Westow Hill.
WANDSWORTH ... Bank Buildings.
WEST BROMPTON ... 202, Fulham Road.
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Current Accounts are opened on the terms usually adopted by Bankers. In cases where a remunerative balance is not maintained, a small charge for commission is made.

Deposits of £10 and upwards are received, subject to seven days' notice of withdrawal, and interest is allowed thereon at the current rate of the day. Deposits are also received for fixed periods, according to arrangement.

Money can be paid in at the Head Office, or at any Branch, for Customers' Accounts.

The Agency of Country and Foreign Banks is undertaken, and every description of Banking business is transacted.

Investments and Sales of all descriptions of British and Foreign Securities, &c., are effected, and Dividends and Military and other Pay and Allowances are received.

Drafts on Demand, Circular Notes, and Letters of Credit are issued.

The Officers of the Bank are bound not to disclose the transactions of its Customers.

LONDON & COUNTY BANKING COMPANY LIMITED.

Established in 1836, and Registered in 1880 under "The Companies' Acts, 1862 to 1879."

CAPITAL £8,000,000, IN 100,000 SHARES
OF £80 EACH.

| | | | | | |
|-----------------|-----|-----|-----|-----|------------|
| Paid-up Capital | ... | ... | ... | ... | £2,000,000 |
| Reserve Fund | ... | ... | ... | ... | £1,000,000 |

HEAD OFFICE: 21, LOMBARD STREET.

Head Office Manager :—WILLIAM HOWARD, Esq.

Deputy Manager :—JOHN EDWARD BAGULEY, Esq.

Secretary :—GEORGE GOUGH, Esq.

The London & County Banking Company, Limited,

Opens DRAWING ACCOUNTS with Commercial Houses and Private Individuals, upon the plan usually adopted by other Bankers.

DEPOSIT ACCOUNTS.—Deposit Receipts are issued for sums of Money placed upon these Accounts, and Interest is allowed for such periods and at such rates as may be agreed upon, reference being had to the state of the Money Market.

CIRCULAR NOTES and LETTERS OF CREDIT are issued payable in the principal Cities and Towns of the Continent. Letters of Credit are also issued payable in Australia, Canada, India, China, the United States, and elsewhere.

The Agency of Foreign and Country Banks is undertaken.

The *Purchase and Sale* of Government and other Stocks, also of English and Foreign Shares, are effected. *Dividends, Annuities, &c.*, are received for Customers of the Bank.

Great facilities are afforded to the Customers of the Bank for the receipt of Money both from and in the Towns where the Company has Branches.

The Officers of the Bank are bound not to disclose the transactions of any of its Customers.

By Order of the Directors,

W. McKEWAN, *General Manager.*

BANK OF MONTREAL.

ESTABLISHED 1818.

INCORPORATED BY PROVINCIAL PARLIAMENT.

Capital Paid Up, £2,465,753 Sterling.

Reserve Fund, £1,232,876.

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 GILBERT SCOTT, Esq. | ALEX. MURRAY, Esq. | ALFRED BROWN, Esq.
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 ROBERT GILLESPIE, Esq. | Sir JOHN ROSE, Bart., G.C.M.G.

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CALDWELL ASHWORTH, *Manager*

BRANCHES IN CANADA.

MONTREAL..... R. S. CLOUSTON, *Manager.*

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| BRANTFORD, " | LINDSAY, " | SARNIA, Ont. |
| BROOKVILLE, " | LONDON, " | STRATFORD, Ont. |
| CHATHAM, N.B. | MONCTON, N.B. | ST. JOHN, N.B. |
| CHATHAM, Ont. | OTTAWA, Ont. | ST. MARYS, Ont. |
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| HALIFAX, N.S. | PORT HOPE, " | |

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 Chicago Agency—BANK OF MONTREAL.

Boston—MERCHANTS' NATIONAL BANK.
 San Francisco—BANK OF BRITISH COLUMBIA.

BIRKBECK BANK,

ESTABLISHED 1851.

29 & 30, SOUTHAMPTON BUILDINGS, CHANCERY LANE, LONDON.

THREE per CENT. INTEREST allowed on DEPOSITS, repayable on demand.
 TWO per CENT. INTEREST on CURRENT ACCOUNTS calculated on the minimum monthly balances, when not drawn below £50.

The Bank undertakes the custody of securities of customers, and the collection of Bills of Exchange, Dividends, and Coupons. Annuities, Stocks and Shares purchased and sold, and advances made thereon.

Letters of Credit and Circular Notes issued for all parts of the world.

The utmost facilities are afforded to those keeping Accounts with the Bank for the receipt and payment of Annuities, and for the transmission of money to the Colonies, the Continent, and America. The Bank acts also as Agents for receiving the Pay and Pensions of Officers of the Army and Navy, and their Widows and Children, at home or abroad.

ABSTRACT OF THIRTY-SECOND ANNUAL BALANCE SHEET, MARCH, 1884

| | |
|---|------------|
| Amount at Credit of Current and Deposit Accounts | £2,864,773 |
| Investments in the English Funds and other Convertible Securities, and Cash in hand | £2,713,960 |
| Permanent Guarantee Fund, invested in Consols | £50,000 |
| Amount of Assets in excess of Liabilities | £166,867 |
| Number of Current and Deposit Accounts | 38,168 |

The BIRKBECK BANK accepts neither personal security for advances, nor discounts bills for customers, except with collateral security; so that it enjoys an immunity from losses unknown to either joint-stock or private banks. The Bank has no Branches or Agents. All communications should be addressed to

FRANCIS RAVENSCROFT, *Manager.*

The BIRKBECK ALMANACK, with full particulars, on application.

January 1st, 1885.

The Number of the Birkbeck Bank in connexion with the Telephone Exchange is 2508.

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JOHN MURRAY, Albemarle Street, LONDON.

WILL SHORTLY BE PUBLISHED.

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By THOMAS B. MOXON,

Fellow of the Institute of Bankers,

Being a Reprint of Two Papers read before the Institute. With Index.

Price 3/—, or interleaved with note-paper, 4/—.

As only a small edition is prepared, early application may be desirable.

The Council of the Institute of Bankers desire it to be distinctly understood, that Authors alone are responsible for the contents of their Papers, both as to matters of fact and of opinion, and, also, that the Institute accepts no responsibility for the opinions which may be expressed in the various discussions.

BY ORDER OF THE COUNCIL.

CALENDAR FOR SESSION 1885-86.

OCTOBER, 1885.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

NOVEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

DECEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | 31 |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

JANUARY, 1886.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Friday | ... | 1 | 8 | 15 | 22 | 29 |
| Saturday | ... | 2 | 9 | 16 | 23 | 30 |
| Sunday | ... | 3 | 10 | 17 | 24 | 31 |
| Monday | ... | 4 | 11 | 18 | 25 | |
| Tuesday | ... | 5 | 12 | 19 | 26 | |
| Wednesday | ... | 6 | 13 | 20 | 27 | |
| Thursday | ... | 7 | 14 | 21 | 28 | |

FEBRUARY.

| | | | | | | |
|-----------|-----|---|----|----|----|--|
| Monday | ... | 1 | 8 | 15 | 22 | |
| Tuesday | ... | 2 | 9 | 16 | 23 | |
| Wednesday | ... | 3 | 10 | 17 | 24 | |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

MARCH.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | 31 |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

APRIL.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

MAY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | 31 |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

JUNE.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

JULY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

AUGUST.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | 31 |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

SEPTEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

The Dates of Meetings are distinguished by *large black figures*.

The Institute of Bankers,

2, ST. MICHAEL'S HOUSE,

CORNHILL, E.C.,

LONDON, *November, 1885.*

NOTICES TO MEMBERS.

MEETINGS

WILL BE HELD IN THE

THEATRE OF THE LONDON INSTITUTION,

FINSBURY CIRCUS, E.C.,

ON

| | | | |
|-----------------|--------------------|------------------|---------------|
| Wednesday, Nov. | 18th, 1885 | Wednesday, March | 17th, 1886 |
| " | Dec. 16th, " | " | April 21st, " |
| " | January 20th, 1886 | " | May 19th, " |
| " | February 17th, " | | |

The Annual General Meeting will be held on May 19th, previous to the Ordinary Meeting.

The time at which the chair will be taken will be announced previously to each meeting.

The Council have reason to believe that in the course of the Session the following Papers amongst others will be communicated to the Institute :—

“Silver as a Universal Medium of Currency,”

By H. CHEVASSUS, Esq., Fellow of the Institute.

“The Social Aspect of Banking,”

By Professor H. S. FOXWELL, Examiner in Political Economy to the Institute.

“The History and Development of Banking in Ireland,”

By MALCOLM DILLON, Esq., Member of the Institute.

“The Commercial Indebtedness of India,”

By W. MARTIN WOOD, Esq.

THE Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institution, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the *Journal*, or by advertisement in the principal papers about one week before each meeting. Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the Ordinary Meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interest to the Profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the Profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the *Journal* as the Council may determine.

If not out of print, *members* may obtain a *single* copy of each of the back numbers of the *Journal* at the reduced price of 1s. each. A few volumes bound in morocco, can be obtained at 15s. each volume.

The *Journal* is for the present published in eight consecutive months, namely, from December to the June following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, Members are especially requested to inform the Secretary, without delay, of any change in their Addresses.

REFERENCE LIBRARY.

The Council desire to request the attention of Members to the following list of works, which, among others, are required in the Library:—

Economist. Volumes prior to 1856.
 Journal of the Statistical Society. Vols. prior to 1874.
 Except 1864, 1865, 1866.
 Early copies of the London Directory.
 The Annual Register.
 Hansard's Parliamentary Debates.
 Tooke's History of Prices.
 Lord Overstone's Select Tracts on Currency, &c.
 Ruding's Annals of the Coinage.
 Kenyon's Gold Coins of England.

The Council of the Institute of Bankers desire it to be distinctly understood, that Authors alone are responsible for the contents of their Papers, both as to matters of fact and of opinion, and, also, that the Institute accepts no responsibility for the opinions which may be expressed in the various discussions.

BY ORDER OF THE COUNCIL.

QUESTIONS ON BANKING PRACTICE.

From Vols. I., II., III., IV., and V. of the *Journal*.

2ND THOUSAND.

Copies of this work are still on sale, and can be procured at the
Offices of the Institute. Price to members, 1s. each.

ELECTIONS.

The following is a list of those elected at the October meeting of
the Council :—

FELLOWS.

| | |
|-----------------------------|---|
| WILLIAM BAXTER | Anglo-Foreign Banking Co., Bishopsgate-street, E.C. |
| JOHN BEATON | New London & Brazilian Bank, Tokenhouse Yard, E.C. |
| THOS. FERGUSSON | Manchester and Liverpool District Bank, Corn- hill, E.C. |
| FRED. JAS. HICKLING | National Bank of Australasia, Leadenhall Street, E.C. |
| JOHN FRANKLAND HUGHES | Bank of Australasia, Castlemain, Victoria. |
| EDWARD JOHNSON | Capital and Counties Bank, Edgeware Road. |
| JAS. ROBERTSON | National Bank of Scotland, Nicholas Lane, E.C. |

ASSOCIATES.

| | |
|---------------------------|---|
| HEN. THOS. BELLERBY | York City and County Bank, Doncaster. |
| ROBERT HAMBLBY | Naval Bank, Newton Abbott. |
| WILLIAM SILCOCK | Parr's Banking Company, Warrington. |
| CLEMENT STANTON | Bank of Australasia, Nanabri, N.S. Wales. |
| JOHN WILSON | Bank of Scotland, Lothbury, E.C. |

ORDINARY MEMBERS.

| | |
|-------------------------------|---|
| WM. ILLINGWORTH ALLISON | Yorkshire Banking Company, Selby. |
| SAMUEL ATTWOOD | Staffordshire Joint Stock Bank, Bilston. |
| GEORGE BARKER | National Provincial Bank of England, Guisboro.' |
| WM. HENRY FARNBOROUGH | Birmingham Banking Company, Alcester. |
| FRED HOWARD ORFEUR | Lloyds, Barnetts and Bosanquet's Bank, Bir- mingham. |
| GEO. TURNBULL | Capital and Counties Bank, Southampton. |
| JOSEPH HENRY VIGARS | National Provincial Bank of England, Bideford. |

The Institute of Bankers.

NOVEMBER, 1885.

THE INAUGURAL ADDRESS OF THE PRESIDENT,

J. HERBERT TRITTON, Esq.

[Delivered before the Bankers' Institute, Wednesday, October 21st, 1885.]

THE Session of 1885-86 opens for the Institute of Bankers with as bright a prospect as any which have preceded it. Our numbers are progressive, the papers announced are fully up to the mark, and our *Journal* certainly increases in interest and value year by year, under the very able charge of our friend, Mr. Agar, the secretary and editor. The library, also, is rapidly becoming one of importance, and is much appreciated by members. The compilation of the questions and answers on points of practical interest, which have from month to month appeared in the *Journal*, and their publication in one volume, has given the banking profession a vade-mecum of great value. The sale has already exceeded 1,000 copies, and the Institute, if it had done nothing else, would have earned ample thanks, and a more than sufficient apology for its existence in this respect alone.

During the past year, the Institute, in conjunction with the Chamber of Commerce, has carefully considered the various Factors' Acts, to which many of the advances made upon warrants and documents of title are subject, but the terms of which are obscure, and even contradictory. In the result, a codifying and consolidating Act has been drafted by Mr. J. Macdonell, which deserves careful consideration at the hands of the mercantile and banking community, which, on behalf of the Institute, I cordially invite. If it should, as amended by those who are qualified to do so, become law next session, it will take its place side by side with the Bills of Exchange Act, as a subsidiary, though hardly less important measure.

Amongst recent events which may, perhaps, be referred to as more or less noteworthy in the banking world are the advent of Lloyd's Banking Company to London, by taking over the business of Messrs. Barnetts, Lloyd and Co., and Messrs. Bosanquet and Co.,

with whom for many years past a close connection had existed, the junction of the General Credit Company and the United Discount Company and the registration of Messrs. Glyn, Mills and Co., as a public company. Although to casual observers and newspaper critics, these events may have afforded some little apparent justification for their long-continued prophecies, that the days of private banking are numbered, yet to those of us who are within the circle evidences of permanence, and I might almost say, rejuvenescence, are by no means wanting, while threatened interests proverbially live long. Another, and altogether regrettable, event was the suspension of the Munster Bank, caused apparently by misplaced confidence and negligent supervision, two fertile causes of ruin, wherever they exist.

It has been well said that the three cardinal virtues in the banker's character are—Incredulity, Affability, and Power to say No. You may possess, my friends, many very excellent qualities, but without these you can make no mark in your profession for good, though you may achieve disaster at once for yourself and your connections, if to great responsibilities these three essentials be not added.

Although but few events of note have, to all appearance, taken place, still, beneath the surface, under-currents may be detected to have been at work, which may have no little influence upon banking in this and other countries in the future. Changes in the practice of the Scotch banks have occurred, the result of which remains to be seen. Their minimum allowance of interest on deposit, has hitherto been 2 per cent. It may be now reduced to $1\frac{1}{2}$ per cent. The interest allowed on current accounts will for the future be on the minimum monthly balance only, instead of at the customer's option on this or the daily balances at a lower rate. A newspaper correspondence has taken place in which more than one Scotchman has professed his inability to understand—(quite unconscious, I imagine, of the strain of daily competition in London, so different to the peaceful order reigning on the other side of the Tweed)—why the rate of discount should not be the same, say in Glasgow as in London at one and the same time. If, on their side of the border, they fail to understand the matter, it would, indeed, be presumptuous to attempt to elucidate it here; and I leave the enigma, so far as it is one, unsolved.

A striking development of the course of trade among manufacturers and warehousemen has during the year taken place in the increasing disposition on the part of purchasers to pay cash under discount, usually 3 per cent. on a monthly account, thus setting free a large amount of capital. The bills hitherto drawn, and especially those falling due upon the 4th of the month, are consequently diminishing, and a powerful influence is at work affecting the bill or money market. Another influence at work in the same direction is the depression of the shipping trade of the country, though here it is to

be feared the capital is not so much set free as lost and gone for ever. Still the number of acceptances for material entering into the construction of ships, for the cost of the vessels themselves, for the coals and necessities supplied when afloat, and in many cases for premiums of insurance, together with drafts from abroad of agents drawn in settlement of account, has largely diminished. This reduction was but to be expected after the undue stimulus and excitement of 1879-82, which was in no small degree the result of the introduction of the principle of limited liability into ship-owning, and partly also the result of French and other government bounties. The shrinkage in the value of exports and imports generally, accompanying a very general fall in prices, cannot fail also to diminish the number of bills drawn, while the telegraph and the accelerated delivery of modern steamships have also largely tended in the same direction.

There is but little to be noted as a set off unless it be on the other side of the channel, where paper representing transactions in "real property," or, perhaps more accurately, land and building speculations, is unpleasantly rife, and the constant renewal of which taxes the ingenuity of many a so-called financier to the utmost. The undoubted effect of this gradual, but in the aggregate large, decrease in the volume of current bills is not only in that the average rate of discount has been unduly depressed by the daily competition of those who are large takers of bills in the ordinary and necessary course of their business, but is seen in the fact that bankers have been compelled to increase their holding of stocks and bonds and have thus in part contributed to the rise in prices which was altogether attributed to the action of the Government scheme for conversion of consols. It may further with justice be observed that an element not only of increase but of instability in price has thereby accrued to these securities to the detriment of all holders. Large sales of stock may be and are pressed upon the market, either because of withdrawals of deposits, actual or anticipated, or by reason of excitement under adverse political circumstances, as, in fact, was seen last spring, when Consols suffered a rapid though temporary fall of nearly 6 per cent.

Side by side with lessening acceptances an enormously increasing volume of cheques is daily passing through the Clearing Houses of the country, taxing to the uttermost the resources of those who deal with them. It may be mentioned, as of some interest at any rate in the profession, that not long since upwards of 10,000 separate cheques on country banks reached a London bank on one morning, and this large mass was sorted, taken down, cast up in the clearing-books, and the totals ascertained before 1 o'clock, without an error.—A striking illustration of painstaking accuracy and ability under great pressure, which reflects the greatest credit on all concerned. Looking at the greatly increasing number of banking accounts

throughout the country, it may safely be said that a need exists for more local Clearing Houses, to relieve the present excessive and unnecessary centralization in the City of London. While on the subject of the country clearing, I would point out a slight, but not unimportant, defect in the absence of any regulation for notarial presentation of a draft bearing foreign endorsements which may be dishonored by the paying banker in the country, and which, in the absence of protest, a foreigner might decline to take back.

The gold coinage of the country is a subject to which this Institute has devoted much attention, and it is great matter for regret that another year has passed, and no measures of amelioration have become law. The state into which it has fallen is a national disgrace, and the longer proper remedies are delayed, the greater the evil and injustice, and the heavier the ultimate charge on the nation. The Institute will doubtless bring the matter before the new Chancellor of the Exchequer, and urge in the strongest terms the importance of dealing at once and effectually with the subject.

We are, however, now face to face with a problem which is of far wider importance and involves at once the interests of this country, of our great Indian dependency, and of the civilized world. The silver question which during last winter and spring existed, but as one of those under-currents to which I have referred, has within a short space of time assumed gigantic proportions; and now overshadows, it is hardly too much to say, all other economic questions which have any practical bearing upon the well-being of the community. While, as was most ably pointed out by Mr. Goschen in a remarkable paper read before our Institute, gold measured in terms of other commodities has, through entirely natural causes, become appreciated silver has become depreciated, and this as much as 25 per cent. Natural causes, however, have not affected this change but a violation, deliberate and intentional, of those natural laws which cannot be broken with impunity by individual or by nation. The so-called Bland Coinage Act under which, whether a demand exist or no, not less than \$2,000,000 per mensem must be coined into silver dollar pieces of the American Republic is without doubt the chief disturbing element in the trade of the world at this moment. In fact, I for one, believe that the agricultural depression, and—to a less extent the commercial depression—through which we are now passing are in part attributable to this misguided legislation on the part of our American cousins. This Bland Act was passed avowedly in interest of the owners of certain silver mines, and has stimulated production beyond all bounds; though, if I am rightly informed, these mines barely cover, at present, working expenses, owing to the depreciated value of the article produced. As with bounty-stimulated sugar-growers in Germany and Austria, whom disaster overtook last year, so ere long must it be with these silver mine owners, in spite or rather because of this protective legislation.

But the cases are still further parallel. Then, as now, it was a trial of endurance. Foreign sugar manufacturers boasted loudly of their determination to ruin our West Indian trade, but British pluck and British capital have carried the day, and it is the foreigner who has failed. So with silver; America and the Latin Union countries combined, think to weary us and force their depreciated silver upon us, when they argue the price must rise and the magic ratio of 15½ to 1 be re-established the world over in place of 19½ to 1 as at present. It must be conceded that the influences at work on their side are very great. The finances of the Government of India in confusion; our Lancashire and Glasgow manufacturers unable to reckon on an adequate or certain return for their exports; Indian wheat depressing our own farmers by a wholly artificial import to this country—these are some of the evil results flowing more directly from the depreciated rupee, and they are great indeed. The only bright spot is that India herself is receiving a great impetus in her foreign trade; and so far the internal purchasing power of the rupee appears to be unaffected, so that the wheat, rice, and tea-growing interests there should be prosperous, in fact, as well as in appearance.

But the evil is surely, if slowly, working its own cure. The Bland Act is doomed; and silver when only produced in accordance with the natural demands will not more than suffice to supply the annual needs of the world. Let us bear in mind the absorbing power of the East, and more particularly that we are without doubt entering on a period of railway extension in India, Indo-China, and China itself, which will bring wealth to those countries, and to them wealth is *silver*. Nothing would so promote a revival of trade in all branches as the construction of arterial lines of railway, which would soon open out new markets, and at once vitalise our drooping iron industries: but let Englishmen see to it that French or German or American houses do not forestall them. Let us listen to no currency nostrums, but again trust to British pluck, means, and enterprise, to balance in the East the follies of the West.

The only remaining subject with which I would deal is one which closely affects every gentleman in this room, the much-vexed Saturday half-holiday question. Twenty-five years ago the hour of Saturday closing to the public was altered to three o'clock, and since then, and more especially the last five years, the habits of the business community have strikingly tended in the direction of leaving earlier on that day. The actual work done at the counter, with which alone the public is concerned, between 1 and 3 on Saturdays, is very light, and under these circumstances a movement on the part of those employed in banking houses to secure that which their friends on the Stock Exchange, in merchant's offices, and the larger retail establishments enjoy to the full, was only natural. The responsible chiefs, and you also, gentlemen, know well that we are the servants of the public, and exist primarily for their

convenience. It is natural, therefore, that when an important section of that public declares against the proposal to close at 1 o'clock, considerable hesitation must exist. Personally, of course, those at the head would like the change as much as those in the lower ranks, but they are silent, awaiting the decision of the Clearing House authorities. Speaking for myself, and not committing any one else, I hope that decision may be in favour of 2 o'clock as the Saturday hour for closing, say from January 1st, 1886. To this, I venture to believe, there would be no real opposition, and the boon would be great.

In conclusion, I beg leave to remind my hearers of the marvellous strides with which banking in this country has advanced during our generation. Entrusted with an amount approaching in magnitude to the National Debt of this country, what a testimony—voiceless, but none the less eloquent—is borne by this fact to the business capacity, integrity, and trustworthiness of those who, day by day, are called upon to regulate the ebb and flow of this mighty tide. Behind the routine and the drudgery lie principles which must be mastered, involving knowledge of the most varied kind, and requiring talents of no mean order to ensure their successful application. Gentlemen, I commend to you the profession you have chosen, both in detail and in principle, as one in which, above many, knowledge is power—in which honesty is not only the best, but the only, policy—and in which full scope is given, nay, is demanded, for that “righteousness which exalteth a nation.”

Mr. SLATER : I beg to move that the hearty thanks of the Institute be voted to our President for the excellent address with which he has commenced the proceedings this evening. I am sure we have been extremely fortunate, as an Institute, in those gentlemen who have successively held the Presidential chair ; and the closely-reasoned address which we have listened to this evening with so much pleasure must satisfy, I am sure, the Members of the Institute that their interests will be in very excellent hands in those of our present President.

Mr. A. S. HARVEY : I have very great pleasure in seconding this resolution. I think Mr. Tritton has made a new departure which will be of great service to us in the future. If it should turn out, as the result of the address we have listened to to-night, that each successive President of the Institute will bring before us at the commencement of each Session an epitome of the chief financial features of the preceding year, nothing would more certainly give point to our discussions, and indicate the main lines along which the work of the Institute should go. Moreover, such a series of addresses, when bound up with our proceedings, would, as a *resumé* of commercial information, be of value. The points to which Mr. Tritton adverted

show how large is the scope of the work which is before us, and also the importance of every person connected with banking feeling that he must never let the details of his profession obscure the principles underlying every cheque, bill, or security that comes before him. We ought to endeavour to be expert critics, and yet one feels that the number of points coming before us is so considerable that the task is almost larger than we can hope to accomplish.

The resolution was then put and agreed to unanimously.

The PRESIDENT : I am extremely obliged to you, Mr. Slater, and to you, Mr. Harvey, and to the Members of the Institute present, who have so very kindly accorded to me this vote of thanks. It has taken me a little by surprise to be told that I have initiated a new departure in the proceedings of the Institute. If it should be so, I am glad that new departure meets with the approval of those who are best qualified to form a right opinion upon the subject. There is no doubt whatever that the questions, so far from diminishing either in number or in importance, which come before a body such as this, increase in both those respects year by year, and it requires yearly more devotion to detail and a wider grasp of principle to succeed in the profession which we have adopted. I imagine that the intentions of each gentleman here, and of each Member of our Institute, is to succeed sooner or later. To that end he must put forth all his abilities, and I hope and trust that the meetings here from time to time, valuable as they are, may never fail to help on some, or it may, perhaps, be all the gentlemen who attend them in their professional career. Gentlemen, I beg to thank you very much indeed for this vote of thanks.

The resolution was then put to the meeting and agreed to unanimously.

On the proposal of the President, seconded by Mr. Robb, an unanimous vote of thanks was passed to Mr. W. Talbot Agar, the Secretary, for his services during the past year.

The Institute of Bankers.

J. HERBERT TRITTON, Esq., President, in the Chair.

ENGLISH BANKING PRACTICE.

(Second Part.)

By THOS. B. MOXON, a Fellow of the Institute.

[Read before the Bankers' Institute, Wednesday, Oct. 21st, 1885.]



AST February I had the pleasure of submitting to the Institute the first part of this paper on English Banking Practice. Then, I dealt with banking currency and transactions, to-night I have to submit to you the concluding part, dealing with Customers' Accounts and Securities.

To condense the elaborate details of our daily work into the space at my disposal has been one of the most difficult portions of my task. It is true that many points might have been ignored entirely, and thus space would have been secured for dealing more completely with those retained in the paper. That, however, would have defeated the object I had in view when I accepted the invitation of our Council to address you.

For long, I personally have felt the want of some treatise on general banking practice. I do not for a moment undervalue the banking classics of Gilbart, or the rejuvenated works of "Thomas Bullion," but I do know that many bank clerks, particularly in the country, have found the difficulty and the expense of obtaining books dealing with their business almost an insuperable obstacle to their acquiring that knowledge, which, when supplemented by practical experience, contributes to their intelligent execution of their duties, and adds materially to their value.

I wish some more efficient hand had undertaken the preparation of such a treatise, but the exacting and exhausting demands of daily duty leave to those who stand in the fore-front of our profession little incentive to occupy their scanty leisure with an exposition of the groundwork of our business, and therefore I have prepared this outline, which makes no pretension to completeness, but which I trust may be found of some value to those to whom it is addressed.

ACCOUNTS OF CUSTOMERS.

When a stranger proposes to open an account, a banker should require an introduction from some person known to him. This introduction, if not given personally, should clearly set forth the purpose for which it is given, and should bear the signature of the introducer ; his address card should not be accepted as sufficient, and even a written introduction should be only accepted as a preliminary, for some people are so ready to give them that a banker would never think of giving credit on the strength of an introduction, unless very explicitly worded, without first ascertaining from the writer privately what he really knows of the introduced person. He may, however, on presentation of the letter, open the account so far as to take the presenter's signature in the signature book, receive his deposits, and obtain from him such information concerning himself as he is disposed to impart, or as the banker is able to extract from him. Having done this, the banker will take the earliest opportunity of communicating with the introducer.

The opening of an account is a matter of some importance. From the first interview the customer will receive impressions that may, and probably will, affect all his future connection with the bank ; a little attention and courtesy will secure his good will, and dispose him to commend the bank to his friends. The ideas he then receives of the banker's manner of doing business will guide him in all his future dealings ; to secure, then, his confidence, to induce him to speak freely of his financial affairs, to make him feel that in his banker he has a trustworthy confidant and a prudent adviser, is to ensure that his future dealings with the bank will be on an agreeable and safe basis. Neglect to secure these advantages at the commencement is unwise, and likely in the long run to cause annoyance, anxiety, and perhaps even loss.

By patient listening, by suggestive remarks, and courteous questions, the banker will ascertain his customer's business, its character and customs, the length of time he has been engaged in it on his own account, his previous experience, and where acquired, the names of the principal firms he buys from or sells to, the extent of his business, the nature of his receipts and payments ; the name of his previous banker, and his reason for moving his account, or whether he proposes to keep more than one banker, an operation usually costly, alike to the customer and to the bankers ; the amount of his capital, and the details respecting it, more fully referred to in the notes on Balance Sheets and Advances. These and many other such details it is of advantage for the banker to know, and by acquiring such information he shows his ability, and does much towards protecting himself from bad debts.

If the customer makes large deposits, the banker will make such arrangements respecting notice of their withdrawal as his business

renders expedient, particularly when offered in seasons of pressure at a high rate of interest.

Minors.—If the proposed customer is a minor, the banker will decline the account, as any contracts a minor may make are void under the Infants' Relief Act.

Personal Accounts.—If a customer has several accounts, he may elect to which account his payments to credit shall go; but if he indicates no preference, then the banker has a right to pass them to whichever account he pleases.

However many accounts a customer may have in his own name, unless there are indications that any of them are trust accounts, the banker may treat them all as one, even if kept at different offices of the bank, in estimating his liability to the bank; and if any of the accounts turn out, *after* the customer's failure, to be trust accounts, the banker can still retain the balances against any other of his accounts that are overdrawn. This consolidation of accounts only applies to accounts in the customer's own name. The banker cannot retain the balance of a partner's private account against a debt due from his firm or *vice versa*; and if the individual, to obtain better terms, desires that for the purpose of interest the accounts should be treated as one, he should give a written authority to the banker authorising him to hold the current balance of his private account against any liability that his firm may at any time be under to the bank. A married woman's account cannot be set off against her husband's without a similar authority.

Married Women.—Should a spinster or widow be married, her account should be transferred from her former name into her married name, and headed, "Mrs. ———, formerly Miss ———, or formerly Mrs. ———, a widow." Should the right of a married woman to the balance of her account be disputed, it rests upon the claimant to prove his title, or obtain an injunction, but the banker should at once give his customer information of the notice served upon him. In any dispute the bank may apply summarily to any judge, who may make an order as to the dispute and as to costs, and the bank shall only be treated as stake-holder.

The *Married Women's Property Act*, 1882, does not affect settlements made prior to the Act, and as to wives married prior to 1st January, 1883, it only affects property that may accrue to them after that date. The Act of 1870 protected their earnings and property acquired thereby, if earned after 9th January, 1870. A woman, married since 1st January, 1883, keeps as her own all her property then belonging to her, and since acquired by or devolving upon her; and whenever married, she keeps all property acquired by or devolving upon her since that date (1st January, 1883), in whatsoever way obtained. If stock or money stands in her own sole name, that is *prima facie* evidence, empowering her to deal with it without the consent of her husband.

Lunatic Customer.—Strictly, a banker should be furnished with the legal authority, appointing a person or persons the “Committee” of the lunatic’s estate, but if the person who wishes to intervene will provide a statutory declaration by two medical men, declaring that the customer is of unsound mind, and incapable of managing his own affairs, and further lodge a satisfactory guarantee or security, the legal authority may under some cases be dispensed with. It would be dangerous for a banker to pay cheques drawn by a lunatic, after receiving such a medical certificate.

Agents for Customers.—If a customer empowers another to deal with his account, he should give in writing a proper authority for the banker to honour his nominee’s signature, and specify precisely the extent of the power with which he entrusts him. It should recite that he may draw and endorse cheques and bills, give acceptance to drafts, and in every way operate upon the customer’s account, in the same manner and to the same extent as the customer could himself, and that the authority is to continue until revoked in writing. If it is intended that he should have power to obtain advances from the banker, this should be explicitly set forth, or the customer will not be liable for such advances.

An agent may be authorised to sign the firm’s name (thus, A. B. and Co.), though usually he is authorised to sign per procuration (p.p. A. B. and Co., C. D.), but if he signs in this usual way, it is incumbent upon the banker to satisfy himself that he really has the authority he assumes. He may have authority to draw bills, but not to endorse or accept them, and in that case any endorsed or accepted by him do not bind his principal, or give a title to anyone who has to claim through the endorsement.

It may be repeated that if an agent endorses without authority uncrossed cheques, payable to the order of his employer, and passes them to credit of his private account, the employer may recover from his agent’s banker, the full amount of such cheques, which he may have encashed, and the crossing of a cheque by the banker is not retrospective in the protection it gives.

All authorities of agents are cancelled by the death, bankruptcy, or insanity of the principal, and no agent has power to delegate any of his powers, unless the instrument appointing him explicitly gives him power so to do.

Although an infant cannot contract for himself he may be empowered to act as an agent.

The letter sent by a customer to the banker, authorising him to honour his agent’s signature, does not require a revenue stamp.

If an agent is acting under a power of attorney, its provisions should be carefully scrutinised, for the giver is only bound to the extent set forth in the document. A full power of attorney should give the agent power to draw, endorse, accept, and negotiate bills or cheques, borrow on the liability of the giver, pledge his property,

real and personal, and in every way to operate on his account as he could himself if present. If it is intended that the agent should sell property, it should also empower him to convey the same, and it may give him power to appoint one or more substitutes, with all or a portion of the powers delegated to him.

An attorney may sign his principal's name solely, but it is better to add "by his attorney C. D.," or else he may sign by procuration in the usual manner of agents.

Deceased Customer.—When an individual dies, all transactions upon his account must cease until probate of his will or letters of administration are issued, when the persons nominated therein become his legal representatives, and any action taken on the strength of those documents is good, even though in the former case probate is based on a will which afterwards turns out to have been forged, and though in the latter a will is discovered after administration has been granted. In the case of a minor, if one should have managed to open an account, administration must be taken out by his next-of-kin.

A deceased married woman's separate property must be controlled by the usual probate or administration. A married woman may be an executrix, administratrix or trustee, alone or jointly, and may act in these capacities entirely without her husband, who, of course, incurs no liabilities for her acts. If advances are granted before production of the probate or administration order to the expectant representatives for payment of probate duty, it should be on the introduction of respectable solicitors, who can assure the banker of the position of affairs, and show the will, if there be one, appointing the executors, and the banker should advance upon the signatures of them, or of the heir, if there be freehold estate.

Production of Probate or Letters of Administration.—When these are produced the banker should take specimens of the signatures of the representatives of the deceased, and transfer the account into their names. He will, of course, take a record of the particulars given in the probate, and supplement them with an abstract of the will, so that if the deceased has left authority for his business to be carried on, he may see who are entrusted with the management of it, under what conditions, with what powers, and particularly whether they have power to draw, accept, and endorse bills, enter into any usual business contracts, borrow money, mortgage and sell property, execute deeds, &c., &c., and to what extent the capital of the business will be reduced by the payment of legacies, &c., &c.

The registers of all deaths (and also of births and marriages) are kept at Somerset House, and any period not exceeding five years may be searched over on payment of one shilling. It can, at the same time, be ascertained whether probate or letters of administration have been granted for the disposal of the deceased's effects.

Bankruptcy puts a stop likewise to all transactions upon the

account of the bankrupt or bankrupts. The death or bankruptcy of a partner only directly affects his own account, not those of his firm.

Executors' Accounts.—If an account is opened in the names of executors, as executors, precise instructions should be taken in writing and signed by all of them as to their wishes with regard to operations upon it. If they decide that all cheques on, or other orders to debit, the account are to be signed by two or more of them, the banker should act accordingly, and can refuse a cheque signed by one of them, though in absence of such orders any one executor is capable of dealing with the funds of the estate, and can give a good discharge, in this differing from administrators or trustees, all of whom must unite in all transactions. An executor cannot bind his co-executors by any transactions he may enter into alone, although he can, as far as his powers go, bind the estate. Executors are personally liable, as are administrators, on all contracts they make in dealing with an estate.

If the executors propose to continue the business of the deceased they can only bind the estate so far as their special authority in the will may empower them, though they will be personally liable for all contracts they may make in connection with the business.

A married woman may be an executrix, but her husband and his property are under no liability for her acts in that capacity.

If a surviving executor die, and no other provisions are made in the deed, his duties devolve upon his executor.

Executors, if they intend to act, must prove the will appointing them within six months after the death of the testator, under a penalty of £50.

If an executor, indebted to the banker in his own private capacity, on being pressed to reduce his balance, transfer any sum from his executorship account, the banker cannot hold to the money in case of fraud on the executor's part, but will have to refund it.

If an executor disburse the proceeds of an estate in payment of the liabilities of the deceased in the order of their legal priority he is not liable for any deficiency in the estate, so long as he has given no creditor of any class undue advantage.

Joint Accounts.—When two or more persons, not being partners, open an account, it is desirable that they should at the time declare in writing that it is "with benefit to the survivor," for though this is the legal devolution of such an account it will save future misapprehension if all is made clear at first. All that survivors have to do in such a case to establish their claim, as far as the banker is concerned, is to furnish satisfactory proof of the death of the deceased by production of certificate of death or burial, which sometimes it is desirable to have supported by a declaration of identity. Instructions should also be taken as to the way in which cheques are to be signed, and every cheque should bear the full heading of the account, as it appears in the bank's books.

In case of a joint account being opened in the names of husband and wife, or father and child, the Inland Revenue Department say the banker should require production of the probate or letters of administration of the deceased in order to establish the sole claim of the survivor.

Although in a joint account it may have been arranged that any one of the joint depositors should sign alone, any of them may cancel this authority, and the banker incurs no liability by following these later instructions. The executors of a joint depositor have equal power to forbid payment of any part of the balance to the survivors without their consent, and their instructions must be attended to.

Partnership Accounts.—Anyone who by word, writing, or action, leads others to believe that he is a partner, or knowingly allows such representations to be made, is liable on the contracts entered into in faith of such representations, even though actually he may not be a partner. A banker should in all cases endeavour to secure a written acknowledgment of the liability of every person on whom he relies in dealing with a firm, unless his partnership is a matter of common notoriety. He should, therefore, require all partners to sign the name of the firm in his books. A partnership may consist of not more than ten partners if the business of the firm is that of bankers, and of not exceeding twenty partners in any other business. Firms with larger number of partners come under the *Joint Stock Companies Acts*.

It will be well to obtain from a firm, on the opening of an account, particulars as to the capital of the firm, the proportion in which the various partners contribute it, and the extent and nature of their private means. If there is any borrowed money, it is desirable to know whether it is lent to the firm or to an individual partner, and on what security. If lent to the firm it is, of course, a liability of the firm, but if lent to a partner himself it is a liability of his private estate only, and does not rank upon the assets of the firm in case of failure. After all the firm's own debts have been paid in full, the surplus is allotted to the partners' private estates rateably to their contributions to the capital of the firm, and out of this the private debts must be liquidated.

It would save much dispute if all partnerships were entered into by deed or in writing, but unfortunately many are merely verbal arrangements. However, a banker is not bound to know the conditions of the partnership as between the partners, and a person once having held himself out to be a partner, cannot rid himself of the liabilities of his firm until he has given notice to each creditor of the termination of the partnership, and if the partnership was limited to a certain period, it must be shewn that such was known to the creditor. This notice need not be in writing, and it is not necessary that it should be gazetted to bind a creditor. It is sufficient that it can be proved that he was aware of the dissolution, however he got to know of it. Death or bankruptcy terminates the liability of a

partner in respect of all contracts entered into by the firm after either of those events.

Every person held out as a partner is liable for all the firm's debts contracted in the usual course of business, to the full extent of his means, and the creditor is entitled to look to all the partners for repayment, notwithstanding any private arrangement between them.

Though the partnership deed prohibit it, a partner dealing with bills in the partnership name and in the ordinary course of business, binds the firm as far as outsiders are concerned ; but if a banker is instructed not to honour the signature of any individual partner on behalf of the firm, he must not do so, and he incurs no liability for refusing it.

Any partner may borrow for the firm on its credit, sell or pledge its goods, enter into simple contracts in the usual course of business, give discharges for payments, and perhaps give an equitable charge on its real estate, though a legal mortgage or any other deed must be executed by each individual partner interested in the property to which it relates.

If a firm is wound-up, its assets are thus to be divided : 1. In payment of preference claims. 2. In payment of general creditors. 3. In payment of loans by partners, who cannot come into competition with general creditors. Any surplus is divided *pro rata* among the partners, according to their contributions to the capital of the firm, and forms part of their separate estates. Separate estates are distributed in the same manner, the partnership not being able to prove on the separate estates in competition with general creditors, unless the individual partner has had a distinct business apart from that of the firm, and the debt has arisen in the usual course of business, or unless there has been fraudulent conversion of partnership property without knowledge or subsequent condonation by the other partners. (The Scotch law is not on the same lines.)

If a person makes contracts with a partner on behalf of his firm, knowing at the time that the other partners have disclaimed liability on such contracts, he cannot make them responsible, nor can he if aware that the contracts are beyond the partner's authority or in fraud of his co-partners.

Transactions to bind a firm must be apparently in the interests of the partnership and for its business, therefore a banker should be wary in receiving visibly partnership money, bills, or property in payment of private debts.

If a customer of a firm stipulates with a partner for special advantages in consideration of an agreement for the private benefit of that partner, the firm is not liable on any business done in pursuance thereof, and if a partner improperly make use of trust funds, his co-partners are not liable if they did not and could not reasonably be expected to know of the breach of trust.

A firm may select any name or style under which to carry on

business, but once established no other firm in the same line of business may adopt a like or similar title so as to be likely to deceive. If a firm trades under the sole name of one of its partners it will be desirable to scrutinise any transactions which do not appear on the face to be really for partnership purposes. It is not now necessary to sue a firm in the names of its partners, it can be sued in its partnership name.

Dissolution of Firm.—A partnership may be dissolved, 1st, by notice of dissolution; 2nd, by death of a partner; 3rd, by bankruptcy or outlawry of a partner; 4th, by order of Court for reasonable cause shown. Whenever a dissolution takes place, if the banker desires to retain a lien on the retiring partner's estate, he should stop the firm's account and require the continuing partners to open a new account, and to pass all future transactions through it, giving him authority to charge to it all outstanding cheques and charges. He cannot open a new account without their authority, though he can stop the old account. If he does not stop it, every payment to credit goes to reduce the debt of the old firm, whilst every charge to debit forms a debt of the new firm, no matter how the daily balance may run.

On the retirement of a partner the banker should ascertain what amount of capital will be withdrawn from the firm, and how and when it is to be paid. He will consider how the firm can stand this draft upon its resources, not forgetting that though the repayment may be spread over some years, what was capital available for payment of the debts of the firm has become a debt itself, and a liability ranking with the trade creditors of the new firm.

If new partners are introduced and the banker decides to accept the new firm for the old firm's liabilities, he must get the new partners' declaration that they accept this liability, or they will not be responsible. He should, therefore, get them individually to sign the order to transfer the account of the old firm to the new firm, and to charge to it all dishonoured bills, outstanding cheques, &c., &c.

If the style of the firm is changed it will, and if not changed it may, be necessary to have a fresh deposit of any securities or guarantees lodged against advances, but this will depend to some extent upon the form in which the documents are drawn out.

Although it may be desirable to stop an account on the retirement of a partner, it is not necessary to refuse payment of cheques or bills signed by him in the partnership name before, but presented after his retirement. If the position of the account is satisfactory to the banker, and they appear to be legitimately drawn, these should be paid, unless he has been ordered to refuse them.

The estate of a deceased partner is not liable on contracts made after his death, even though the creditor was unaware of it, but it is liable for all contracts made during his life whilst he purported to be a partner.

A surviving partner is entitled to deal with the partnership property standing in the firm's name, and can give a good discharge for all payments made to him in good faith.

Limited Partnerships.—Under the Limited Partnership Act (28 & 29 Vic., c. 86), a loan upon a written contract, whereby in place of interest a share of profits is to be paid to the lender, does not make the lender a partner; but in case of failure he cannot claim any repayment as regards these particular loans, until all the ordinary creditors are paid in full, though he ranks with them for any other loans he may have made at a fixed rate of interest.

To come within the protection of this Act the advance must be clearly a loan, and the lender must not interfere with the conduct of the business in any way.

The Act also protects a servant remunerated by a share in the profits, or a widow or child of a deceased partner receiving a portion of the profits by way of annuity.

If, however, the contract for the loan provides that the lender is to share losses, he *may* be held liable as a partner. In this respect the commandite partnerships of the Continent are much superior to our arrangements. In them there are managing partners with unlimited liability, and commanditaires, who are only liable to the extent of the capital they have put into the firm. Many foreign firms in England enjoy the benefits of this commandite partnership, and it is to be regretted that Englishmen have not the full advantages of such an arrangement, and of the system of registered partnerships.

Trust Accounts.—Bankers, as far as possible, endeavour to avoid opening accounts in the names of trustees, as trustees, preferring to have them as ordinary joint accounts, without any reference to any trust; but although an account may be thus opened as a joint account, if it comes to the banker's knowledge that it is actually a trust account, he cannot evade any liability attaching to such an account. It is not incumbent upon him, or even desirable for him to know the terms of the trust, and he need not ascertain who are the appointed trustees, except where transferring the balance of a deceased customer's account. He can accept the representations of the persons opening the account, leaving it to any aggrieved person to settle his claim with those purporting to be trustees. If, however, he knows the account is actually a trust account, he should insist upon all cheques upon the account being invariably signed by all the persons represented to him as custodians of the money; for trustees' powers are joint, and unless specially and explicitly empowered by the deed of appointment, they cannot delegate any of their powers, even to one or more of themselves, all must sign to give an effectual discharge. There is but one exception to this rule—trustees may delegate to a portion of their number the power to distribute the income of the trust; but it is not desirable to encourage this exception.

Having secured the signature of all known trustees, it is not neces-

sary that the banker should concern himself as to the mode in which the money withdrawn is appropriated, though of course he must not permit what he knows to be a clear misappropriation of the trust-money, as where trustees transfer money from a trust account to pay off their private debt to the banker.

If a trustee pays trust-money into his private account, the persons interested therein can establish a charge upon it, but not so as to prejudice the position of a banker who was unaware of the nature of the credit. A trustee does not lose his right to deal with the trust funds by reason of his bankruptcy. If a trustee dies, his death should be proved by the production of a certificate of his death or burial, which may be supplemented in cases where the banker has any suspicion of fraud, by a statutory declaration identifying the person named in the certificate with the trustee. It is not necessary to see his will, as the surviving trustees have full right to the trust property. Of course, under no circumstances can a trust account be held as a set-off against a private account.

Charitable Trusts, &c.—In these cases the banker should be furnished with copies of the resolutions appointing a treasurer, and stating in what manner cheques are to be signed, and the account should be opened as “A. B., Treasurer to the C. Trust,” or (A. B., C. D., and E. F., Joint Treasurers).

Official Liquidators, Assignees, &c.—The banker will derive his knowledge of their appointment from the Gazette. If more than one is appointed all must sign cheques, &c., and the banker will see from the order of appointment the extent of the powers granted, and the limitations thereto. If a committee of inspection is appointed he should see how far he will require the committee's sanction to the trustees' acts. In the case of trustees in private liquidations, the appointment of trustee and the conditions imposed upon him will be proved by the deed of assignment.

Companies' Accounts.—When a company opens an account, a copy of their articles of association should be obtained, and filed for future reference. From these will be gathered the regulations as to the opening of a banking account, and the way it is to be operated on, and as to the power of the company to borrow money, or overdraw its account. These regulations should be embodied in a resolution which, on being passed by the directors and duly authenticated (say signed by the chairman and countersigned by the secretary, and, if necessary, sealed with the official seal), will serve as the banker's authority for dealing with the company. These resolutions will be good, as far as the banker is concerned, even if they have been irregularly passed, so long as they are within the powers given by the articles of association. It is very necessary to see whether they give power to draw, endorse, and accept bills, and in what form. The authority should be as explicit in the powers it gives as one given by an individual in favour of an agent.

The articles of association of any joint stock company may be inspected by any person, at the Registrar of Joint Stock Companies for the division of the kingdom in which it is registered (*i.e.* in London, Edinburgh or Dublin), on payment of the fee of one shilling; and if a limited company continue to carry on business when there are less than seven members, each member aware of the fact is liable for all the debts contracted by the company whilst there are less than the statutory number of members. Every member of a limited company is liable to the extent of the uncalled amount on his shares for one year from his ceasing to be a member, for all debts incurred whilst he was a member, in the event of, and to the extent of, his transferee being unable to pay the calls made upon him.

Corporations.—Unless these have special authority by their constitution they cannot make or endorse bills. The authority to honour the signatures of their nominees usually should be given under the common seal, and commonly, unless all the cheques are signed by three members of the finance committee, there should be a schedule of the cheques to be paid, which should bear these three signatures.

Poor Law, Highway Board, Local Board, and School Board accounts should be open by a formal resolution appointing the treasurer, and cheques should be signed by the chairman and two members of the board, and countersigned by the clerk or by his substitute, who must be duly authorised. All their cheques must be made to order, and per procuration endorsements are not accepted unless guaranteed by a bank, and not always even then.

Friendly and Building Societies.—Their accounts must be kept in strict conformity with their respective rules, which must have been registered by the Registrar of Friendly Societies. Without this formality they are not legally binding, though it must be noted, as a most extraordinary state of things, that the judges have decided that registration does not make them binding where they contravene the law. The protection of registration is, therefore, of a very negative character.

Land Societies sometimes are established under the *Joint Stock Companies' Act*, and sometimes under the *Friendly Societies' Act*. Great care must be taken, on the opening of an account, to ascertain under which Act the society is constituted, and whether its regulations conform to law.

Balance-Sheets.—The investigation of a balance-sheet may be taken as a desirable preliminary to the granting of any accommodation to a firm, and requires much care; for many men, either from incapacity or deliberate attempt at deception, will make most misleading statements of their position. A balance-sheet prepared by a public accountant can be more depended upon, but even there it must be remembered that he can only deal with the accounts set before him, and if books are deliberately and systematically falsified, he may easily be misled. A balance-sheet prepared in the hand-

writing of a customer, or signed by him, will enable an action for fraud to be brought against him, if it can be shown to have been a deliberate misrepresentation of his position.

In respect of capital it is desirable to see what relation it bears to the total liabilities disclosed in the statement, and in what form it is invested, whether in realisable assets or only in margin between the mortgages or other charges on the property, and the estimated actual value of it ; then it should be ascertained whether it is actually the customer's own money, as sometimes loans to the individual, or even to a firm, are wrongly set down under this head. It may be desirable to enquire whether there are any mortgages, acceptances, or settlements, or other charges to which the customer's assets are subject, although they may not appear in the account, for, strange as it may seem, cases have been known where, with hardly an intent to defraud, mortgages have been left out on one side, and the mortgaged property on the other, and in one case, at any rate, a customer did not insert the acceptances he had signed, justifying his action by saying that he had not taken as an asset the goods for which they were given. In firms' accounts it will be well to see if the capital is practically reduced by partners having overdrawn their private accounts.

If there are loans to the firm (already the difference between loans to a firm and loans to any of its partners, as individuals, has been pointed out), the banker will want to know if they are secured, and how, whether by charges on the firm's property, or on the partner's private estates, or by the aid of friends or relatives ; also the conditions for repayment, whether they are demand loans or repayable at a fixed date.

The character of accounts owing by the firm deserves scrutiny. "Accounts owing" sometimes includes mortgages and cash advances, as well as trade debts, although they stand in very different categories in a banker's valuation.

Looking at the assets, their general character must be noted. What amount is fixed in land, buildings, machinery, and those articles commonly known as fixed stock ? How does this total compare with the total capital of the firm ? Have they fixed all or more than all their own capital ? If so, they are dependent on their credit for their working capital. Are the properties mortgaged ? If so, what proportion does the mortgage bear to the value of the property ? Are the mortgages only over the freehold, or are they registered as Bills of Sale, thereby covering the loose trade machinery ? Are the works and machinery properly and regularly written down in value, to provide for depreciation ? Is the value set upon them reasonable and moderate, remembering that the value of works and machinery valued "as a going concern," is a very different thing from their value at auction prices ?

Is goodwill taken as an asset, or any other such fluctuating item, which only too surely vanishes if an estate has to be realised ?

Are there any assets with a contingent liability upon them (shares not fully paid up, &c., &c.), and what probability is there of such liability becoming an actual claim on the estate?

Are the assets readily convertible, and what proportion do the liquid assets (cash, stock in hand, accounts owing to the firm, and such items), bear to the open liabilities of the firm? Is the stock saleable, or is it old and hard to get rid of? What is the character of the accounts owing to the firm? Are they all good debts and trade debts, are the amounts well divided, or does the firm depend, a most unhealthy and dangerous state for any firm to be in, on the solvency of one or two large customers?

If the firm rents its works, it may be desirable to ascertain the rental, the duration of the lease, &c., &c., particularly if it also rents the machinery, because then the rent becomes a heavy item, and the right of distress by the landlord, if only for a single year's rent, may make a serious hole in the assets available for division among the general creditors.

In dealing with the Profit and Loss Account, it is desirable to know if liberal provision is made for bad debts; if depreciation is allowed for, in case it is not provided for before the transfer to Profit and Loss Account; whether interest on capital is deducted before the profit is estimated; whether the partner's expenses are less than, or in excess of, the profits, &c., &c.

These are some of the points which a banker would like to be informed upon, when he is required to give credit to a firm, and the enumeration of them will show how misleading the mere statement of a firm's capital may be.

ADVANCES.

No prudent banker will allow his bank's stability to be dependent upon the prosperity of any one or two firms, and, therefore, he will take care that no single advance he may make shall be larger in amount than he could support if it became a bad debt. Advances out of proportion to a bank's capital, even if fully secured, are to be avoided, unless the security is of such a character that its immediate conversion into cash at any time, if required, is beyond possibility of question. Neglect of this precaution has caused the failure of more banks than any other banking indiscretion.

When a banker is requested to grant accommodation he will desire to know the position of his customer, and if at the opening of the account he has acquired the information previously suggested, he will be much better qualified to deal with the application. Apart from what his customer may tell him, he will have noticed his manner of doing business, gathered some idea of his reputation among firms in his own trade, and generally satisfied himself as to his customer's thrift, ability, industry, and integrity. Presuming that these enquiries have inspired confidence, he will wish for information

as to the amount of advance desired, the purpose for which it is wanted, the length of time for which it is required, and the security, if any, which is to be given for it. It will be more than ever necessary if the advance is unsecured that he should thoroughly understand the character of his customer's business, or he may be much misled by the appearance of his account. Agents may be poor, and yet keep up a very satisfactory account by means of their principals' moneys. Some firms buy on credit and sell for cash, their accounts therefore give no indication of their position. Some tradesmen receive large quantities of goods on sale or return, the "show" in their shops may therefore be very far from a true representation of their position.

Moreover, to provide against attempts at deliberate fraud, it must be remembered that marriage settlements, even of visible goods and chattels, if made or agreed to before marriage, do not require to be registered as Bills of Sale, neither do assignments for the benefit of creditors. A marriage settlement made after marriage is void if the maker becomes bankrupt within two years, and is voidable if it can be proved that at the time of making it he was not able to pay his debts without the aid of the property comprised in it until ten years from its date, but after it has been in existence ten years it is indefeasible.

Banking advances should be for commercial purposes, as an addition to working capital. Advances employed as fixed capital are more of the character of mortgages, and should only be granted by a banker to a very limited extent, if at all.

Whenever an advance is granted, particularly if unsecured, it should be clearly understood that the banker reserves to himself the right to recall or cancel it at any time in his discretion.

In case the banker is asked for assistance to tide over a temporary embarrassment, he will want to know the full amount of present and prospective liabilities, so that he may judge whether the assistance asked for will clear the way; how it is proposed to repay the advance, and whether the estimate of his customer allows for those uncertainties of trade which are so certain to arise. In connection with this his own knowledge of the state of trade generally, and of the applicant's branch of it in particular, will assist him in estimating the safety and propriety of his granting aid.

It may come to the banker's knowledge when, or after making an advance, that his customer is under liability as a shareholder in some company tottering to its fall, and it will then be of advantage to remember that he can himself, or by an agent, inspect the register of shareholders kept at the Registry of Joint Stock Companies for a small fee.—(the charge at the Registry is 1s. per inspection, and a certified copy of any part of a registered document costs 6d. per folio), and thence ascertain his precise holding up to a comparatively recent date.

If for some special reason, and relying on his integrity and

ability, a banker grants assistance to a man of small capital, he may wisely require him to deposit an assurance policy, but care must be taken to see that this is not already settled on his wife or children.

If the advance is applied for by a firm whose principal establishment is in the Colonies or abroad, the banker will not fail to take into consideration this fact. In case of disaster he would have more or less difficulty in recovering his money, and in some cases would discover that the law abroad placed him at a disadvantage, as compared with creditors resident in the Colony or foreign State. If the applicant is a farmer, his position with regard to his landlord as to payment of his rent is an important consideration.

Married Women, if married since 1st January, 1883, have for most business purposes the rights of spinsters, and can bind their own property, but their husbands are in no way responsible for their private debts. It does not follow that a woman, married since that date, may not have a marriage settlement, which simply gives her a right to the income, during her life, of the property held in trust, and it will therefore be well for the banker to consult his solicitor as to the precise effect of any settlement.

A husband is responsible for the ante-nuptial debts of his wife to the extent of any property he may have obtained through her.

By the Married Women's Property Act of 1882, if a married woman has made loans to her husband she cannot prove on his estate for them in competition with his general creditors, and the creditors can follow any fraudulent investments in her name of her husband's money.

Agents.—An agent should not be allowed to overdraw his principal's account, to negotiate a loan on his account, or to pledge his securities, unless his authority gives him explicit power to do so.

Deceased Debtors' Representatives.—Although the account of the deceased may have been transferred to his executors or administrators, the banker is entitled to retain the securities deposited by him as against this balance, but unless the will gives them power to borrow it is questionable whether these securities could be held against advances made to the representatives, in opposition for instance to the claim of the heir-at-law to the real estate, though the executors or administrators would themselves be personally liable for advances made at their request and on their account.

Though such representatives cannot pledge the trust estate generally, they may, under certain circumstances, borrow on specific securities without being authorised in the will, though not in direct opposition to its provisions, and it has been decided that it is not irregular for a banker to advance money to one of two executors if he was led to believe it was for the purposes of the will.

Where executors and trustees are empowered to realise real estate, they have power to pledge a part of it or to pledge a specific personal asset as security for a loan, but for any debt not specifically secured

they alone are personally liable, not the estate, and so if the pledged security does not prove sufficient to repay the loan. To avoid dispute it may be well to take the personal guarantee of executors or trustees for any loan made to them.

Partnerships.—It is worthy of note that partners may convert any portion of partnership property into the personal property of any of the partners, and if the transaction has been made in good faith it binds creditors even in bankruptcy, if the conversion has been completed before the failure.

Receivers and Liquidators of Estates are personally liable for advances made to them, and they cannot bind the estate unless their appointment empowers them to borrow, in which case care must be taken that the transaction is in strictly legal form.

Companies, Societies, and Corporations.—If they require accommodation it is necessary to see that their regulations and the laws under which they are formed give them authority to borrow, or to make themselves liable upon bills. A company may have power to borrow to a limited extent, but if the directors borrow in excess of its borrowing powers the company is not liable for the excess, though the loans are obtained by false representations; the directors who make the misrepresentation alone are liable. A building society may, by its rules, take power to borrow unlimitedly, but such unlimited powers are contrary to law, and all loans made under them are not recoverable from the society. Highway, Local, and School Boards have no power to overdraw their banking account, and such overdrafts cannot be recovered at law.

Limited Companies may be empowered to borrow, but they may also pledge their property, real and personal, their book debts (even if not yet due), and their uncalled capital, and though any charges on the company's property should be registered in its register of mortgagees, the neglect to enter them therein does not invalidate them in the hands of a holder in good faith, who has not conspired with the company to deceive by not entering his charge on the register, though the officials are liable to a penalty for their neglect. Any member or creditor of the company is entitled to see this register at all reasonable times. It is therefore essential to ascertain, as accurately as possible, if there are any charges in existence, and the exact character of them before advancing to a limited company.

The Working of an Account.—Having granted an advance, a banker will keep a careful eye on the customer's account to detect the first signs of weakness, so that he may get out before any disaster occurs. If the customer appears always to be at the full extent of his limit, if he takes longer credit, if he provides for his acceptances at the last minute, or retires them by telegram, or with noting, if he tenders bills drawn upon inferior firms, and assists the acceptors to meet them at maturity, the banker will have his suspicions aroused, and will take what steps he can to make himself safe.

Limitations, Statute of.—If for six years no acknowledgment of a simple contract debt (as on an account or on a bill of exchange), has been made, the debtor *may* avoid payment of it by pleading this statute. To prevent him from availing himself of it a clear acknowledgment of liability, from which a promise to pay can be inferred must be proved. If the debtor voluntarily pays interest on the debt that is a sufficient recognition of it; but it is not sufficient that the banker should charge interest in his own books. On notes the statute begins to run from the date of the note. On guarantees the statute commences to run from the date on which demand for repayment is made of the guarantor.

Set off.—In order that a banker may exercise the right of setting off any payment due from him to his customer, against any debt of his customer's to him, they must both be legal claims, not merely equitable, and they must be strictly mutual. He cannot set off a partner's credit balance against a balance due from his firm; but if a man trades without partner as a firm, all the accounts in which he alone is interested may be consolidated.

SECURITIES.

Speaking generally, a banker has a lien upon all banking articles in his hands as a banker, though not on those he holds as guardian (as things left for safe custody), or which he holds as agent (as bonds entrusted to him to obtain the interest on, or to obtain new coupon sheets, or to exchange for new securities). Anything which is in his hands to sell or to collect he has a lien on, and this lien avails over bills or notes, or other documents transferable by delivery, even if they are trust property, if at the time they were placed in his hands he had no notice or knowledge of their fiduciary character. If, however, they require the execution of a deed to transfer the property in them, the banker can maintain no lien on them if the trustee has fraudulently obtained advances on the deposit of them.

Unless securities have been deposited specifically to cover certain stated advances, the banker can hold them against any and every claim he may have against the person on whose behalf they have been pledged; but if they are given against specific advances they can only be held against those; and if, after they are repaid out of the proceeds of the securities, there is any surplus it is not applicable against other accounts. When the liability for which they were pledges has ceased the banker must return them. Much care, therefore, should be taken in the making of arrangements as to security, and the memorandum of deposit should clearly set forth whether the securities are for general liabilities or for special ones. Where several distinct securities, deposited by several individuals, are held for one account, if one of the depositors thereof dies, the account should be stopped, and, by

arrangement with the customer, all transactions should pass through a new account until fresh arrangements are made, after which operations on the *old* account should be resumed, but only if the memorandum of deposit in each case allows the substitution of securities.

Collateral Securities.—Securities belonging to and pledged by an individual or by a firm to secure its own account, have in case of failure to be realised, and the full amount obtained from them deducted from the debt due to the banker. He can only prove on the estate for the balance of the debt remaining unpaid ; but if an individual partner, or any person not a partner deposit security not being the property of the debtor, this is termed collateral security, and the banker may prove on the debtor's firm for the full amount of the debt. If he does not receive payment in full from the estate he can claim from the surety the deficiency so far as the deposited security will cover it. It is desirable that the instrument establishing the security should distinctly renounce in favour of the banker all right of proof upon the estate of the principal debtor. As securities in private partners' names often turn out in case of failure to be the firm's property, it is not well to calculate too certainly on partners' securities being collateral. In obtaining collateral security there must be no misrepresentations as to previous dealings, or as to the present state of the account. Any such deception or suppression of the truth will vitiate the security. A surety is entitled at any time to know the extent of the total liabilities of the person he is bound for to the bank, and the manner in which his account works, but he is not entitled to see the details of it.

Realisation of Securities.—Securities whether personal or collateral should never be realised until after demand has been made for repayment of the amount due and neglect of the customer to attend to that demand. If the customer is bankrupt, his trustee should be consulted before any securities belonging to the bankrupt are sold.

If a banker neglects to deal promptly and properly with securities received from his debtor, he may lose the advantage of any collateral security he holds, though this will depend to some extent upon the terms of the memorandum which accompanies the deposit of the collaterals.

If a surety pays off the whole of a debt, he is entitled to take all the securities held by the banker against the account, but the banker should advise all interested in the account before giving them up.

If collateral security is held the banker should be very careful in accepting any security from, or making any agreement with, the principal debtor by which payment of the debt is deferred. Unless the surety assents to such an arrangement, he will be released from his liability, but a banker does not release his surety by simply delaying to take action against his debtor.

Where collateral securities are received, through the hands of the debtor, and not direct from the surety, in the event of their

having been given up and again deposited, the banker should make sure that the re-deposit is made with the sanction of the surety.

Memorandum of Deposit.—The wording of the memorandum setting forth the conditions upon which securities are pledged with a banker is of very great importance, particularly in the case of collateral securities. The banker will be furnished by his solicitor with a form for general use, but there are times when the banker may have to write out one without reference to his legal adviser, in which case the following points will be worthy of notice.

The memorandum should be dated and must be signed by the depositor of the securities which, of course, must be his own absolute property, and his signature should be witnessed by some reliable disinterested person, or by a bank official. It should set forth the name of the person or firm on whose behalf they are deposited. If for a firm, it should provide for changes in its style or constitution by such words as "of whomsoever the said firm may from time to time consist." If the security is given to a private banking firm, a similar clause should be inserted in its favour. Sometimes it is advantageous to take security to cover advances "to A. B., or to the said A. B. in partnership with any other person or persons." It should contain a clause undertaking to repay the banker to the extent of the value of the securities, amounts owing to him by the principal debtor within a fixed time after demand, the demand being at the option of the banker on the failure of his customer to repay the amount owing, whether that failure to repay should be owing to his death, lunacy, failure, suspension, or any other cause whatsoever. Unless it is intended that the full value of the property deposited is to be treated as security, the memorandum should set forth the amount to which the security is to hold good, and if it is collateral it should provide that the banker is to retain the right to prove upon his debtor's estate for the full amount of his debt, without any deduction of the amount which he may realise from these securities. The security cannot be held for a larger amount than is specified in the memorandum of deposit, though that amount may be increased by an additional agreement. It should cover liabilities by way of loans, overdrafts, or debts incurred in any way by the customer, including liabilities arising upon bills of exchange, whether as drawer, acceptor or endorser. It should provide that the security is to be a continuing security, and is to hold good notwithstanding any statement or settlement and re-opening of accounts between the bank and the debtor. It should allow of additional advances, other and additional securities, and the substitution of securities. It should state the manner in which the liability of the depositor is to be revoked. It should provide that the security is to remain valid in case of the death of the depositor, until his representatives give notice of its withdrawal. It should allow the bank to stop the debtor's account, in case of the death of the surety, or at any other

time, to open a new account, and to apply future payments to credit of the new account without prejudice to the banker's claim on the security. Any bills, &c., covered by the guarantee, if dishonoured will, of course, be charged to the old account.

If the surety notifies his intention of terminating his liability, the banker will at once inform his customer, and arrange with him for the opening of a new account through which all new transactions may pass, until the old account is satisfactorily provided for. (The customer must indicate on all payments to credit that they are for the new account.) The banker will acquaint the surety of the amount of the liabilities of his customer, both on loans and advances and also on bills of exchange, and remind him that he holds his securities bound until those liabilities are discharged.

It should give the banker the right to appropriate any funds or other securities in his hands to the repayment of whatever liabilities of the debtor he chooses, and to claim upon the securities to which the memorandum refers for the balance.

It should empower the banker to vary in any way the agreement between himself and his customer, to give him time, to accept a composition from the principal debtor, or from any person jointly liable with him.

Finally, it should declare that the securities deposited are the actual personal property of the depositor, free from any charge, lien, or trust, other than those appearing on the face of them.

In the case of companies and societies, securities should be pledged and given up in strict conformity with the requirements of their rules and regulations.

It need hardly be said that in all cases it is not possible to obtain such a complete security as would be given by the memorandum sketched, but it will be easy to see which condition can be dispensed with in any particular case, though care should always be taken to have the security described as "a continuing security," or it may be held only to apply to the original loan. Thus, if a banker advances to a customer £1,000, the customer may, say in a week, pay to his credit sums aggregating £1,000, but concurrently, he may draw cheques upon his banker for £1,000, which, being paid, make his daily balance keep steadily debit about £1,000. At the week's end he stands Dr. £1,000, and if the security is a continuing security, the banker holds it against the outstanding balance, but if it is a *non*-continuing security, in law, the £1,000 the customer has paid to his credit went to pay off the original advance, and the cheques the banker has paid during the week are a new advance, for which the security is not liable. This rule as to the appropriation of payments (known as "Clayton's rule") is one which a banker should carefully keep in mind, not only in connection with securities, but wherever there has been, through death or any other cause, an alteration in the *personnel* of the parties jointly liable to him on any account.

Guarantees.—If a guarantee is proposed as security for an account, the banker will consider whether the proposed guarantor is in a position to promptly pay the amount of the guarantee if called upon to do so, and whether he would be crippled in his resources by such payment. Above all, it is desirable that the banker's information as to the guarantor's means should be precise. A person may live in good style, but spending the whole of his income, and that dependent on a life interest, an annuity, a pension, or a marriage settlement. In such a case, much difficulty would be experienced, and much inconvenience caused, in procuring payment.

However good a guarantor may be at the time he places himself under obligation, the banker will not fail to keep himself posted up as to his position, from time to time. In addition to the misfortunes which may befall any man, whether in business or living on his private income, if a guarantor determines to be a rogue, he may by deed of gift, marriage settlement, or other subterfuge, dispose of his property and means, and deprive his guarantee of all its value.

If a surety fails, the banker cannot claim against his estate on a guarantee, unless the principal debtor fails too.

Who may guarantee.—An individual may of course make himself responsible under a guarantee, but one partner cannot bind his firm by giving one, unless it is the usage of his firm and of their trade to give guarantees, no, not even though it should appear reasonable in this particular instance that the firm should do so. To avoid disputes, therefore, it will be desirable that a guarantee by a firm should be signed by every partner in it, and that in case of any change in the firm a new guarantee be obtained.

If several persons unite in a guarantee they may undertake the liability severally, jointly, or jointly and severally. If severally any of the guarantors may be sued for the full amount of the guarantee; if jointly, they must be all sued together; but if jointly and severally, they may be sued in whichever way the banker prefers. If a joint and several guarantee is prepared, and one of the proposed guarantors refuses to sign, it is said the others who do sign are liable upon it; but, nevertheless, it is the safer course to have a new guarantee prepared containing only the names of those whose signatures will be affixed.

If any one of the several sureties gives notice of his desire to be released, the banker in acknowledging it should expressly reserve his rights against the others, and it will save disputes if he advise his customer and the other sureties, and stop the account until fresh arrangements are made. This course should be adopted if the death of any of them should come to the knowledge of the banker, unless the instrument provides for the continuing liability of a deceased surety's estate.

Form of Guarantee.—A guarantee should be on a sixpenny agreement stamp, if it is a simple contract only under hand. If it is a

bond or deed under seal it must bear the usual *ad valorem* stamp. It must be an actual guarantee, not a mere undertaking to give a guarantee: "I do not object to give a guarantee" is not a guarantee in law. If under hand it should state the consideration, and if it is to secure advances already made it must so provide thus: "In consideration of your continuing to give credit, and to make fresh advances to," &c., &c.

It should give to the banker right to prove on the debtor's estate for the full amount of his debt. The following form will do that: "I will be liable for £250 of the amount which A.B. shall owe you at any time until I withdraw this guarantee by notice in writing."

If the same guarantor signs more than one guarantee for the same person, each succeeding guarantee should refer to those previously signed, and should declare "this is in addition to, and not in substitution of, my guarantee for £ dated ."

If the guarantee is for a stated period, and at the expiration thereof is renewed, the renewal endorsement should bear a new stamp, and be signed by all the guarantors.

If the guarantee is not stamped when signed the stamp may be impressed without penalty within fourteen days from the date of its execution. If a bond or deed it may be stamped within two calendar months without penalty. With a penalty deeds may be stamped for a considerably longer period.

As to the general provisions which a guarantee should include, they are referred to in the paragraphs on Memorandum of Deposit, but it may be as well to recite a few things which a banker should not do unless his guarantee specially allows them.

He should not agree with his debtor to defer payment to a future time by express agreement, nor surrender other securities known by the guarantor to be in his hands as security, nor accept a voluntary composition from his debtor, nor grant further advances and take further securities. None of these things should he do without his surety's consent in writing, unless the guarantee specially allows them. The Statute of Limitations does not begin to run with respect to guarantees until the date upon which demand is made for their payment.

Bonds under seal.—The Statute of Limitations does not avail until twenty years from their date, and the consideration for them cannot be disputed. One partner cannot bind his firm by deed without express authority to do so.

Post Obit Bonds.—Are bonds the performance of which is contingent on the death of a specified person. They are a perfectly good security if not tainted by fraud, and have priority over subsequent settlements and charges.

Stocks and Shares.—When these are offered as security it will be necessary for the banker to satisfy himself as to their actual value,

which usually is very different from their nominal, or face, value. It is not always safe to rely upon the market quotation for them. They may not be readily sold, in which case the nominal value may be much in excess of the price at which they can be sold, or they may be at an extraordinary price, much beyond their intrinsic value, as measured by the income they yield, and particularly if due consideration is given to the probability of the rate of dividend being maintained in the future. If they purport to be preference or guaranteed securities, regard should be had to the amount of the stocks that come after them, and to the rate of dividend paid upon these junior stocks. In some cases the ordinary stocks have not actually been paid for in money or money's worth, and the nominal preference stocks are really the true capital of the undertaking.

It is desirable also to see whether the securities are fully paid up, or whether calls have been made but not paid, or can in future be made. Usually companies reserve to themselves the right to forfeit shares upon which calls are unpaid, and as the certificates often do not indicate how much is paid up per share, and the shares may be forfeited without the certificate being returned, it is possible for a dishonest shareholder to offer the certificates of shares in a company of fair standing, which are actually of no value whatever.

Moreover most trading companies have a first lien on their shares for any debts due by the shareholder to them, and in that case there may be no value in the certificate as a security to the banker.

If a banker should take securities not fully paid up it may be well to take an authority from the person on whose account they are held to pay any calls that may be made and charge them to his debit, though this is not essential where the owner of the securities and the customer are identical.

It need hardly be said that no one except the person in whose name the shares are registered, or his legal representatives, can give any title whatever to the banker to retain them.

Unless shares or stocks are transferable by simple delivery, their value as securities is lessened by the possibility of their being trust property, in which case the banker can be compelled to give them up without compensation, unless he has, before he became aware of the trust, caused them to be transferred into the name of himself or his nominee. If, however, they are to bearer they are a good security to a banker who has taken them in good faith, notwithstanding the trust.

If shares are fully paid up a banker establishes his lien most firmly by having them transferred into his own name, but he makes himself liable for any calls that may be made by so doing. Most large companies have adopted a general form of transfer, known as a "railway transfer," which can be obtained at any law stationers and most stamp offices ready printed, but it will be well by a reference to Burdett's "Official Intelligence" to see whether the company whose shares are to

be transferred use a special form before getting the deed executed. Any deed can be stamped within two months from its date, or from its arrival in the United Kingdom, without a penalty.

Unless a transfer is registered in the books of a company it gives the banker no legal hold upon the securities it refers to. If, therefore, a banker does not immediately have them transferred he can only obtain a legal lien by giving notice to the company that the certificates have been deposited with him by the proprietor as a security, and though the company may not, cannot, take cognisance of any trust, it is bound to take notice of such a lien if it receives it before the bankruptcy of the registered owner of the shares. The notice must be sent to the registered office of the company, and it is desirable that the banker should be able to prove the delivery or the posting of it, as some companies will not acknowledge receipt of such communications. The advantage of taking certificates, with a transfer which is not registered, and giving notice of lien, is that the banker personally incurs none of the liabilities of a shareholder. The transfer should, however, be taken in a complete form with the transferee's name filled in, as a transfer in blank is not legally capable of completion by insertion of the transferee's name after it has been executed by the transferor. The disadvantage is that his security, being only an equitable charge, may be over-ridden by some trust or other legal title to the securities, and, moreover, in some companies the lien reserved to the company on its own shares is so complete that even debts incurred by the shareholder to the company after notice of deposit of the certificate are a prior charge to any claim that a third person may have. This is a point that only a careful examination of the Articles of Association in each particular case will reveal, and should not be relied upon by a bank in the case of loans made to one of its own shareholders without legal advice.

If notice of lien has been given it should be withdrawn by the banker when he surrenders the certificates.

American Railway Shares.—In these the certificate usually has a blank power of attorney at the back, which should be executed *in blank* by the person who is described as the proprietor; but it may be remembered that in some cases, when such shares are sent in for registration, verification of the signature of the proprietor is insisted on.

Debentures and Bonds.—The word debenture is often taken to imply a mortgage security, but in many cases it is used with the deliberate intention to deceive, and it is, therefore, desirable to ascertain the actual character of the so-called debentures. Moreover, it is necessary to know whether the issuers have power by their articles to issue debentures at all, and further, whether the amount issued is within the borrowing powers of the company. If the debentures are terminable ones, *i.e.*, for a fixed period, when they are

deposited it is desirable to give notice of lien and to have the signatures of the persons declared to be the registered owners written at the back, with an authority to engross a receipt above their signatures.

Bearer Bonds, of the character known on the Stock Exchange, should have the serial number undefaced on the bond and on each coupon; the nominal value should be clearly expressed and not tampered with, and the date of payment should be on the coupons unless in case of share certificates, where the coupons are merely numbered. All the unpaid coupons should be attached, particularly if any payments are in default; and if redeemable by lot the banker will do well to distinctly disclaim any responsibility in connection with the drawings for redemption.

Notices of lien.—If a banker is served with notice that any person other than the depositor of the securities claims an interest in them, and requires him not to part with them, he should at once advise the depositor and take counsel with his legal adviser.

Life Policies.—These are perhaps the least reliable of all so-called securities. Their worth should never be estimated at more than the surrender value, notice of the deposit should be given to the company issuing them, and the banker should require to see the renewal receipts, making a note in his diary when the payments thereof are due. Although the issuing company may acknowledge the notice of lien, it is not incumbent upon it to inform the giver of the notice of any prior lien which it or any other person may have on the policy.

A life policy may be settled on the nominee's wife or family beyond the control of his creditors, but this will be apparent from the wording of the policy.

Land Securities.—Land may be either real estate or personal property. Real estate includes—an estate in fee simple, where the owner has full power to deal with it in every way, and if he dies intestate it goes to his heirs—an estate in fee tail, commonly known as an entailed estate, which can now, in most cases, be made into an estate in fee simple by the owner in possession inrolling a disentailing deed in Chancery; if the owner in possession becomes bankrupt, his trustee has the like power,—an estate for life,—and copyhold or customary freehold property, these last two now being practically synonymous. All the above are freehold estates, and it is worthy of note, that although there may be a yearly rent-charge upon the property, it is nevertheless freehold, though “freehold” is often wrongly used where it is intended to intimate that the land is free from rent charge, chief rent, or ground rent. Personal property includes land held for a term of years (leasehold) or held at the will of the owner (except copyhold land, at the will of the lord of the manor), or on sufferance, as, where a lease being ended, a tenant continues in possession.

Of estates in land, where there is more than one owner, they may

be (a) owners in severalty, where each has full power to deal with his own share; (b) joint owners (joint tenants), where they must all unite in any dealings with the property, and on the death of any one of them, his share falls to the survivors; (c) coparceners, where the owners, being females, have *inherited* the property, all having equal interests in it, and on the death of one, her interest descends to her heirs; here, too, all the owners must unite in any dealings with the property; (d) tenants in common, where the owners are all interested in the same property, though in different proportions. In these cases, if there should be any dispute among the owners, it may be necessary to apply to the Court of Chancery for a partition order. They are, therefore, not at all a desirable security for a banker, unless he obtains a legal mortgage, with power of sale, executed by all the interested parties.

Although landed property is popularly considered the perfection of security, a prudent banker will, as a rule, decline to advance upon it until the holder's title has been verified by the banker's own solicitor, and its value ascertained by an independent valuation.

In the first place, the person in possession of the deeds may only have a life interest in the property, in which case unless the banker secures a life insurance policy the death of the depositor will deprive him of his security and probably saddle him with a bad debt.

The deeds of title may refer to a large estate, but a considerable portion of it may have been sold by the owner, and as such sales are often not endorsed on the original deeds, the banker can only ascertain by enquiry the actual extent of the land which his customer may control. Or there may be an annuity or rent charge or marriage settlement, or even a mortgage upon the property, and though any person concealing such charges is liable to pains and penalties, yet these will not restore to the banker money advanced owing to the misrepresentation. It will then be readily seen how desirable it is that a duly-qualified individual should examine the deeds, report upon the title of the holder, and indicate what he considers to be necessary to make the deposit a valid security. Even then a banker should endeavour to satisfy himself by personal enquiry as to the probability of the property being subject to any trust, for if any such existed prior to the deposit of the deeds with him, he would find himself compelled to part with the deeds without any compensation.

So strongly do the Courts maintain the legal title as opposed to the equitable charge, that where a mortgagee has parted with the title deeds of the property he holds as security, and through his negligence in allowing them to remain out of his hands, has left it in the power of the mortgagor to effect, in fraud, a new mortgage they have decided that the negligent mortgagee retains his mortgage title to the property, unless it can be proved that he parted with the deeds in bad faith and with the purpose of enabling the mortgagee to perpe-

trate a fraud. In such a case, therefore, the second person who has advanced money on the property and has taken every precaution to secure his safety is deprived of his security in favour of the negligent legal owner.

Deeds of property may become security to a banker by (a) legal mortgage, (b) simple deposit of the deeds as security without any verbal or written conditions, (c) deposit of deeds with a memorandum setting forth the terms upon which they are deposited. In case *a* or *c* the banker's title will be strictly limited by the words of the deed or agreement.

Mortgages.—If a legal mortgage is taken it should contain a general undertaking to repay the advance, a power to sell the property in case of default of repayment, covenants to insure premises and fixtures, and to apply proceeds, in case of fire, in repairing and replacing the destroyed property, and such other conditions as the case may seem to require. If it is to be held as security for a current account, that fact should be stated, and it should be declared to be a continuing security. Under some circumstances it may be advantageous to make a special mortgage loan account, and provide that payments to the credit of the general account are not to be taken in repayment and reduction of the mortgage; but in that case if once the loan, or a portion of the loan, be repaid, the security is not valid for a renewal of the portion of the loan repaid; and the banker cannot charge compound interest on the advance.

If whilst the banker holds the deeds, either under a legal or under an equitable mortgage, he receives notice that his customer has created a second charge upon the property, he should stop all further transactions upon his customer's account, and consult his lawyer as to his position, or, as before explained, he may find the old secured debt has been paid off, and a new unsecured advance has been created. If, after receiving notice of a second charge, the balance due to the banker has been repaid, he must have the second mortgagee's consent before he surrenders the securities to the mortgagor.

If the property mortgaged is situate in Middlesex or Yorkshire, the mortgage should be enrolled at the District Registry.

If a mortgage is intended to cover trade machinery or growing crops, it must be registered as a bill of sale, within seven days from the date of its execution.

An equitable mortgage may be given by deposit of deeds either with or without a memorandum, or by a written order to the person who holds the title deeds, to deposit them with the lender, and an equitable mortgagee can compel a legal mortgage to be given, even if he has no memorandum of deposit. It is true that an equitable mortgage is postponed to a legal one, provided the legal holder has no notice of the existence of the equitable charge; but if the

equitable claimant keep the title deeds in his own possession, there is little danger of a legal charge being effected. If, then, deeds are lent, it should be upon the undertaking of a reputable solicitor that they shall be returned, without detriment to the banker's security. Equitable mortgages on property in Middlesex or Yorkshire can also be entered in the Registers.

Although no written memorandum is required to create an equitable mortgage, yet it is generally an advantage to have one, though its preparation needs considerable legal acumen, as the rights of the holder will be read strictly according to its provisions. If the property belongs to several partners, all those whose names appear in the deed should sign the memorandum.

Copyhold property affords little security by way of equitable mortgage. The usual method of creating a charge upon it is by surrendering it to the lord of the manor, for the use of the mortgagee, subject to the repayment of the money advanced, and usually the mortgagee does not claim admittance, though the surrender must be entered upon the Court Roll.

All mortgages and charges by limited companies should be entered on their register of mortgages ; but neglect of this formality does not affect the position of a mortgagee in good faith, and he is not bound to see that the entry is made in the Register.

Second Mortgages.—These are a most unsatisfactory form of security. The holder of the first mortgage will not consider the interests of the second mortgagee, when he finds it desirable to realise his security, and by the legal processes of consolidation of mortgages, or of tacking, which we shall refer to hereafter, the holder of the second charge may be deprived of all his security. If, however, a second mortgage has to be taken upon buildings, in default of anything better, notice of the second charge should be given, not only to the holder of the first mortgage, but also to the Assurance Company, unless, which is better, a separate policy is taken out for the amount of the second charge.

Although only second mortgages are here spoken of, there may be third, fourth, or any number of succeeding charges.

Leaseholds.—Leasehold property is that which is conveyed to the use of the lessee for a period less than that for which it is held by the lessor. It may be for only a few years or for a considerable period. The provisions often inserted in leases make them an uncertain security, and every lease should be carefully examined to see the conditions as to the uses which may be made of the property, as to repairs, insurances, underleases, the payments of taxes, rates, and assessments (which should be very precisely defined), and particularly as to the defaults and offences which forfeit the lease, among which, it may be noted, that often it is provided in short leases, that the bankruptcy of the lessor makes void the lease.

If a lease is taken as a legal security, the usual plan is not to take

an assignment for the full unexpired term of the lease, because this renders the assignee liable for all the original covenants, but rather to take a sub-lease, if allowable, for a shorter period, if only one day shorter than the original lease. This plan relieves the sub-lessee from all the liabilities on the original covenant, unless he enters into possession, though, on the other hand, he is at the mercy of the original lessee, whose defaults may deprive the sub-lease of any value whatever.

If only an equitable deposit is taken of a lease, the banker cannot be compelled to accept a legal assignment of the leasehold, but if he enters into possession of the property he is liable on the covenants of the original lease, while he holds possession.

Mortgage Deeds, deposit as security. If a customer deposits with his banker, deeds of property upon which he, the customer, holds a mortgage, the banker should have an acknowledgment from the mortgagor that the full amount stated in the deed is still owing, and he should serve him with notice of his lien, and a warning not to pay anything in reduction of the mortgage, except to the bank. The receipt of this notice should be acknowledged by the mortgagor. If a mortgage deed is assigned to the banker by way of charge, and not absolutely, he cannot sue upon it in his own name. If an equitable mortgage, held by a customer, is deposited with a banker (an equitable mortgage of an equitable mortgage), it is not essential that he should hold the memorandum of deposit, given by the person who owns the property, though of course it is very desirable that he should do so.

Equity of Redemption.—However many charges a man may give upon his property, there is still reserved to him the right to redeem it on the repayment of these charges. This right is called his "Equity of Redemption." If he parts with this he surrenders all future claim to his property. As a security, its value is most uncertain, being dependent upon the amount of the charges on, as compared with the value of, the property, and also upon the powers of consolidation that may be in existence.

Consolidation of Mortgages.—This is an old regulation, now abolished as far as relates to mortgages created since 31st December, 1881, unless specifically granted. Its effect is this: A. mortgages estate X. to B., and estate Y. to C. (or direct to B.). B. takes a transfer of C.'s mortgage to himself, and so holds the mortgages on both properties. A. makes default in connection with mortgage X., afterwards he proposes to repay mortgage Y., and retake possession of that property. B. can decline to part with estate Y. unless the mortgage X. is also repaid. That is to say, he can take any surplus in value of the one estate to contribute to the deficiency in the other.

Tacking.—This somewhat unjust provision was abolished in 1874, but restored in 1876. Its effect is this: A. holds a first mortgage on some property, he is said to have the legal estate vested in him, B.

has a second mortgage on the same property, and C., without knowledge at the time of B.'s mortgage, takes a third mortgage on the same property. If C. obtains an assignment of A.'s mortgage, he secures the legal estate: and can add the amount of his third mortgage to that of the first mortgage. The total of these becomes a first charge on the property, and B. is left out in the cold, or at any rate is put in a much worse position than he supposed himself to be. In the same way, if the first mortgage provides for further advances, unless the second mortgagee gives notice to the first of his charge, the additional advances made by the original mortgagee can be tacked to his original first mortgage.

Finally, it may be suggested that unless the banker has the legal estate vested in him with power of sale, he should not enter into any contract for the disposal of the security he holds from an insolvent customer without the consent of the legal representative of the estate, and even if he has the power to convey the property he may incur liabilities to the estate if he does not take the precaution of conferring with the trustee.

Valuations.—Having satisfied himself as to the title of his customer to the securities he offers, the banker's next business will be to ascertain their value.

The best plan, where possible, is to construct a plan of the area as described in the deed, so as to realise the exact position of the land, and then by personal inspection to see what actually stands upon the land. Through neglect of this precaution the lender sometimes does not discover until too late that the buildings which he has looked upon as his security are, unfortunately for him, erected upon land over which he has no control. The site having been verified, it is then necessary to ascertain whether the property still belongs to the holder of the deeds and what is the actual rent received from the property. From the gross rental deductions may have to be made for ground rent or chief rent, land tax, tithe rent, or other imposts falling on the landlord, for insurance, house repairs, casualties (as empty houses). If the property is short leasehold the present value of the net rental for the unexpired term of the lease must be estimated.

The valuation will also be affected by the character of the ground rent, if any. It may be an original rent charged upon the property, or it may be an apportioned rent, as where an estate is bought, subject to a ground rent of £80 per annum, and resold in five plots, subject to a ground rent of £20 each. In this case, if default is made in payment of the original rent, the person entitled to it may recover the full amount from any one of the plots, and leave the owner of that plot to obtain his remedy from the sub-lessor or his neighbours. In an apportioned rent, then, it is of importance to know how the other portions are secured. It is sometimes desirable to see the receipts, showing that the ground rent last accrued due,

has been actually paid. In estimating the value of house property, it is also necessary to consider the distance from a town, railway, main road, shops, schools, &c., &c., the class of neighbours, the probable alteration or conversion to other purposes of adjacent property, the present or presumptive nuisances in the neighbourhood, the style and age of the property, its aspect, the accommodation, the water supply, and drainage, its construction and state of repair, and whether damp, the nature of the soil and sub-soil, &c., &c. If cottage property, the probability of the employment of tenants proving permanent, is a matter for consideration. It is also necessary to ascertain whether all paving, draining, or other local requirements have been executed and paid for, or are a contingent liability on the property. The insurance must also be looked to, as to amount, and date when premiums fall due, so that the renewal receipts may be inspected. Much valuable information on this subject will be found in Tarbuck's "Handbook of House Property" (Lockwood, London).

In the case of shops and warehouses the policies should be examined to see how much of the insurance is on the freehold and fixtures, and how much on stock. If the policy is in the name of the customer, in case of fire, notice may be given to the company of the banker's lien.

In the case of uncovered land its value may depend on its adaptability and availability as building land, in which case many of the considerations affecting the value of houses will affect it, or its value may depend on its agricultural worth, which will be affected by its proximity to a town and by convenient railway or canal facilities.

Ground Rents are sometimes offered as security, and it will be well to ascertain by personal inspection of the land in what manner they are secured, as the rent may easily be created by a deed, which adds nothing to the intrinsic value of the land if no buildings are erected upon it.

Works, Mines, &c.—The valuation of works and mines requires the skill of an expert. The following points need consideration : Tenure.—Is the rent or royalty a fair one, or has it been fixed in inflated times ? If a lease, does it allow for fair wear and tear, or are the repairing clauses stringent ? Situation.—Does it present natural advantages ? What are the conveniences for conveyance ? Is labour obtainable readily ? Permanency of Employment.—Are the works dependent on certain natural supplies of limited extent, and not replaceable, or on fluctuations in fashions ? Possibility of process being superseded by new inventions. Special risks from situation (as from floods) or from manufacture (as extra hazardous fire risks). Depreciation.—Has it been freely charged ? Have repairs been thoroughly attended to ? Have renewals been charged to capital, or has revenue borne a full share of their cost ? Adaptability of buildings for economical working by size and arrangement. Intrinsic value of site. Rental Value.—What are gross rents ? Do they include charge for machines and turning ? If so, is depreciation

regularly charged, and at what rate? Matheson on the "Depreciation of Factories" is a valuable work on this subject.

If the banker wishes to consider the possibility of his customers working profitably he may, in addition, consider the ability of their management, the amount of mortgages on the works, and on what terms as to interest, recall, and repayment, the relation the capital bears to the out-turn, and the adequacy of their resources to the extent of their business.

Fire Losses.—It may be remarked that in England there is a diversity of practice in dealing with fire losses on land, as compared with those at sea. If goods valued at £10,000 are insured for £8,000 and are burnt, under a marine policy only $\frac{1}{10}$ of £8,000 would be paid by the underwriters, but in an inland policy the whole £8,000 would be paid according to the custom of English offices. The foreign custom is that adopted here in marine policies, therefore policies issued by foreign companies should be carefully examined with reference to this point.

Goods as Security.—If a banker secures actual possession of the goods themselves, subject to the following conditions, he has good security, and so if he secures the documents of title to such goods, but care must be taken to distinguish between documents giving a title and those simply authorising a transfer of the goods. Bills of lading dock and warehouse warrants, if endorsed by the nominee, pass a complete title to goods, but delivery orders, warehouse certificates, and documents of a similar character do not give a complete title until either the goods they refer to are actually obtained possession of, or are registered in the name of the claimant. Not only is the real owner of the goods able to pledge them, but any agent, in possession of goods or of documents or transfers of title thereto, in the ordinary way of his business for sale, may also pledge them, even in fraud of his principal, if the person who makes advances upon them acts *bonâ-fide*, and has no knowledge of any fraudulent intent on the part of the agent. Such pledges, however, are only valid for loans made *after* the goods or the documents appertaining thereto are actually in the possession or under the control of the agent. If pledged for preceding advances the agent can only pledge the goods to the extent of his own interest in them. A forwarding agent, or one who in the usual way of business simply handles the goods, but does not deal in them, cannot give a title by way of pledge.

Bills of Lading, when endorsed, convey an absolute title to the goods, subject to the claims of the shipowner for freight, &c., and to dock dues, and duties. Usually they are issued in duplicate or triplicate, the number in the set is stated on the face of each one though often they are not marked "first," "second," &c. It is desirable, to perfect the security, that the whole set should be obtained, and they should indicate that the goods are deliverable to order of consignee or to his assignee. In some trades the mate's receipt is required

in addition to the bill of lading, because, although not a valid security in itself, it binds the shipowner to account for the full amount of goods specified, whereas if the bill of lading is signed for more than is actually taken on board, the shipowner is not liable for the excess above the actual shipment, though he has the onus of proving that he has delivered the same quantity that he received. It is desirable to carefully inspect the bill of lading, as the writer remembers a case in which the ship's copy, a document of no value as a title, was tendered on a demand for return of documents.

It is needless to say, that the intrinsic value of a bill of lading is dependent upon the honesty of the shipper, the captain or agent simply certifies the number or weight of the packages, and undertakes no responsibility for their contents or the quality thereof.

If a banker is instructed to accept drafts against production of bills of lading, and these latter turn out to be forged, he can nevertheless require his customer to indemnify him for the payment of the drafts he has accepted.

Bills of lading should be accompanied by insurance policies or certificates of insurance. If these are payable in the United Kingdom they must be stamped within fourteen days after their arrival in this country, unless they refer to an open policy already stamped. If the insurance is declared under an open policy, the banker should obtain the insurance companies' confirmation of the appropriation, which should fully cover the value of the goods; the description of the goods in the policy, numbers, weights, and marks, must agree with the description given in the bill of lading.

Bills of Sale.—Where goods or chattels are in the apparent possession of an individual, if it is desired to obtain a security over them, a bill of sale must be taken and registered within seven days from its date, and if the loan continues, re-registration must be effected every five years. Marriage settlements, made before marriage, and assignments for the benefit of creditors, do not, however, require registration. If a bill of sale is made voluntarily, *i.e.*, not for valuable consideration, it is void if the maker becomes bankrupt within two years from its date, and if he fails within ten years, the claimants under it must prove that, exclusive of the property it comprises, the maker was solvent at the time he made it. A bill of sale is not valid if given by a bankrupt or to a person who knows that the maker has committed an act of bankruptcy within three months of its date, or if it is in itself an act of bankruptcy, or so far as it relates to goods in his possession when he committed the act on which he is adjudicated a bankrupt, or if it is given by way of fraudulent preference. It cannot cover all, or practically all, the bankrupt's property to secure a debt previously incurred, but if it embodies a distinct undertaking to make further substantial advances to *bonâ fide* assist the maker to continue his business, it may cover a past debt as well as present advances.

The appearance of a customer's name in the bills of sale list, as maker, is an omen of coming disaster which a banker will not fail to give heed to.

Stoppage in transitu.—This is a right which the vendor of goods possesses to stop delivery of them to his purchaser at any time before they are given into the purchasers' control. Thus, A., in India, sends a cargo of wheat to B., in London; he sends the bill of lading direct to B. Before the cargo is delivered to B., A. hears that he (B.) is not solvent, thereupon he instructs the carrier of the goods not to deliver them to B., and gives notice to B. that he is not empowered to deal with the bill of lading or the goods. This is his right of stoppage in transitu, and unless B. has parted with the bill of lading or other document of title, for valuable consideration, the goods will remain the property of A. It must be noted that a *bonâ fide* holder for value of the documents for title cannot be deprived of his right to the goods by this power, even if he has taken them after B.'s authority was withdrawn, but with no knowledge of that withdrawal.

Mortgages of Ships.—These must be effected on a prescribed form, and registered at the Port of Registry. The first mortgagee on the register has the best title irrespective of the date of his mortgage, and registration must be effected before bankruptcy to be good against the trustee of the estate. For a fee of one shilling the register of any ship can be searched, when it will be seen whether any charge is entered against it or against the shares held by any of the joint owners. For purposes of registry a ship is divided always into 64 equal shares, neither more nor less. If the mortgage is to cover the whole of the ship it should specify, boats, coals, ballast, stores, freight, &c., &c.

There are many maritime liens which have a preference to the ordinary mortgage of the ship, and wherever a mortgage is taken it should be supported by a marine insurance policy.

Dock and Warehouse Warrants.—These, when endorsed, carry like bills of lading the legal title to the goods referred to, without any notice to the issuers, but their value as a security is dependent upon the probity of the consignor of the goods and of the warehouse-keeper. Warehouse-keepers, dock-keepers, wharfingers, packers, calico printers, &c., have a lien upon goods in their hands, not only for their charges on those particular goods, but for all ordinary debts due to them from the person for whose account they are placed in their hands. They cannot sell the goods, but they are entitled to retain them until their claim is satisfied. Where warrants are issued as documents of absolute title this general lien is extinguished, and rent can only be charged from the date of the warrant, unless it is otherwise stated on the document.

If goods are dutiable and warehoused in bond, the duty must not be overlooked in estimating their value. As previously remarked, to secure a legal title to goods represented only by a certificate or

delivery order, or other simple authority to claim them, as distinguished from warrants or bills of lading, the goods must be transferred into the name of the mortgagee.

Assignments of Debts.—A debtor (A.) may assign to his creditor (B.) any debts owing to him (by C.), and upon the debtor's creditor (C.) receiving notice of the assignment, he is bound to pay the debt to the assignee (B.), who takes exactly the same rights as the assignor (A.) had. If the debtor C. had the right of set off against A. he is not deprived of that relief by the assignment. It is desirable that the assignment should be in writing; care must be taken that it is not in itself an act of bankruptcy, and notice of it should be given as soon as possible to the person to whom it is addressed, who will, of course, require to be satisfied that his creditor has actually assigned the debt. It is well to be in a position to prove the sending of notice in case the debtor declines to acknowledge receipt of it, for if there is more than one assignment, the one of which notice is first given has a prior claim on the funds assigned. The debtor is not bound, when he receives notice, to give any information as to any earlier assignment of which he may have been informed, or of any prior charge in his own favour.

The security must be an absolute assignment of the debt due to the assignor, or of a portion of it, and the assignee has full power to give a good discharge of the debt, to the extent of his assignment, although the instrument from which he derives his title makes no special provisions of that character.

Warrants of Attorney, Cognovits, Judges' Orders.—These are termed judgment securities. They must be registered like bills of sale, within seven days of their completion, they remain in force for twelve years, and execution can be issued at any time within six years from the date of the judgment without any further authority being required; they do not make the holder a preference creditor in case of bankruptcy, unless he has realised his security before notice of an act of bankruptcy. They entitle the holder to obtain a garnishee order on debts, due to the defendant, or a charging order upon any stocks or shares he may own, subject, however, to any prior charge that may be in existence.

A Warrant of Attorney is a written authority, given by a debtor to a solicitor named by his creditor, authorising him to represent the debtor in an action, and to allow judgment to be given against him. It must be witnessed by a solicitor, who has explained the effect of it to the debtor.

A Cognovit, fully styled a *Cognovit Actionem*. When an action has been commenced against a debtor, he may, in consideration of time being granted to him, or on any other grounds; execute a Cognovit acknowledging his liability, and undertaking not to obstruct his creditor in obtaining judgment against him.

Judges' Orders.—Where both parties to an action for recovery of

a debt agree, a judge may make an order to stay proceedings, with a proviso that, if the debt and costs are not paid within a certain time, judgment may be entered up, and an execution levied upon the debtor's goods.

Garnishee Order (i.e. a warning order).—Where a creditor has obtained judgment against his debtor, if he can discover anyone owing money to his debtor, or any company in which his debtor holds shares, he may further obtain a garnishee order, warning the person indebted to, or the company whose shares belong to his debtor, that he, the creditor, has a charge upon the debt or shares, subject, however, to any prior lien, legal or equitable, that may be in existence. A garnishee order is good in bankruptcy only if payment of the debt or realisation of the shares is effected before notice of bankruptcy.

Writ of Elegit.—Where a creditor has obtained judgment, and finds that his debtor is possessed of lands, he may elect to have this land delivered to him in pursuance of such judgment, and he can obtain an order for the sale of the land from the Court of Chancery.

"The Law of Money Securities," by C. Cavanagh, Esq. (W. Clowes & Sons, London), deals fully with all the securities touched upon in the foregoing pages, and should be studied by every practical banker.

DISCUSSION ON MR. MOXON'S PAPER.

MR. SLATER : If I may be allowed to say a word on the paper, I would express my regret that I have not read the whole paper. I have, however, seen a little more of it than Mr. Moxon has read this evening, and I cannot but express to you my gratification at the terse and clear manner in which he has singled out so many good points, and laid them before us in a way that is likely to be extremely valuable for the practical carrying out of the profession. I am sure that the younger Members of the Institute will be very greatly improved in their knowledge of banking by a study of this pamphlet or work, which, I trust, Mr. Moxon intends to publish. Out of the numerous points that have been touched upon there is none that particularly occurs to me in these various allusions that have been made by Mr. Moxon, except the question on page 446 on Personal Accounts, where the remark is made that :—"The banker cannot retain the balance of a partner's private account against a debt due from his firm, or *vice versâ*." On that point I am not perfectly satisfied that Mr. Moxon is correct. The question of agency, or of the action of an agent for a customer, touched upon on page 447, is, I think, extremely useful, and it will form, I trust, a book of reference quite as useful to bankers as the "Questions" that have appeared lately, and which have met with such universal acceptance. I have much pleasure in commending Mr. Moxon for the ability that he has shown in the paper.

MR. J. B. MARTIN : I desire to join in the appreciation which Mr. Slater has expressed of the industry which Mr. Moxon has shown in preparing this paper, as well as the one he read to us in February last. One or two points have caught my eye in this essay, which appear to me a compendium of the duties and practice of banking, and I am sure it is only a feeling of the immense size of the subject which deters many gentlemen from addressing us on the subjects raised. One point is as to obtaining an abstract of a customer's will. I am not sure that that is the common practice ; and I do not think, as far as my experience goes, that it is necessary, but I know, from experience, that it is sometimes actually misleading. On page 462 there is a reference to "collateral securities," where Mr. Moxon says, "if an individual partner, or any person not a partner, deposit security not being the property of the debtor, this is termed collateral security, and the banker may prove on the debtor's firm for the full amount of the debt." There is a certain ambiguity about the words "collateral security," because our friends in America, who are perversely ingenious in nomenclature, apply the word "collateral," if I am not mistaken, to all securities. They seem, if I understand their phraseology, to look upon personal security as primary security, and everything else is collateral. That makes an ambiguity, and I think it would be well to have such a clear use of terms so that we could understand what we really do mean by "collateral." There is another point in the paper, in a part which Mr. Moxon did not read.

He alludes to guarantors and guarantees (p. 465). Now, there are many persons who think that, as we have drawer and drawee of a bill, so there is a guarantor and a guarantee, and that the thing itself is a guaranty. That is also ambiguous, or gives rise to ambiguity occasionally. Many of these little points have struck me, but I am sure Mr. Moxon will excuse me if I do venture to discuss them. But there is, I would say, one thing, with all respect to Mr. Moxon—this being a work of great interest and of a very elaborate nature, being, as we may call it, a compendium of the whole of our banking practice, and having been laid before us for the first time, and only partially read—we cannot be held to signify necessarily our assent to so much that has been passed over unread and uncriticised. I would merely say this, that I think it must be made clear, while glad to receive this most valuable hand-book of banking practice and law, that it does not go forth with the *imprimatur* of the Banker's Institute in all its entirety. I think Mr. Moxon will excuse me if I make that criticism.

The PRESIDENT : We are exceedingly indebted to Mr. Moxon for this second part of English Banking Practice. Mr. J. B. Martin has already pointed out that we have not gone through more than a very small part of it to-night, and therefore we cannot either express assent or dissent in the matter. There are some statements which, no doubt, Mr. Moxon expects to be criticised, and some possibly to be supplemented, and some which, I have no doubt, he will be glad to have an opportunity to alter or correct. It will be, I imagine, of very great advantage to us if the subject of English Banking Practice, as "boiled down" by Mr. Moxon into these two parts, should again come up and form the subject of discussion on another evening when we should have read them, and could have made marginal notes, and should be prepared to give reasons for agreeing or disagreeing with the doctrines propounded. Such an evening, it appears to me, might be extremely interesting and extremely valuable, and I, for one, should like then to make remarks, which I refrain from doing now, as to details on various matters—one, for instance—"Balance Sheets." There is the preliminary question whether it is desirable for a banker to encourage balance-sheets to be shown him. Some of us think that when a balance-sheet is presented, it is rather an indication that all is not so well with the customer as he would have us believe. But that, by the way. I hope it may be found possible, after having carefully considered the paper, annotated it, and made up our minds on these different points of banking practice, to come together again and hammer them out amongst ourselves. I have nothing more to say but to put before you a vote of thanks to Mr. Moxon for his very valuable paper, and to ask him if there are any criticisms to which he would like to reply.

Mr. Moxon, in reply, briefly returned thanks to the meeting for the kind reception his paper had met with.

MISCELLANEA.

AMERICAN BANKERS' CONVENTION.—This was held in Chicago on September 23rd and 24th, and was in every way most successful. The silver question, which is now especially prominent in the United States, was discussed before the convention in various papers, which will be noticed so soon as the official report is to hand. The committee appointed to consider the scheme of Auxiliary Membership of the American Bankers' Association, presented through Mr. Odell, a Fellow of this Institute, their report, which was adopted. The suggestions therein contained are drawn on very similar lines to the constitution of this Institute, and handsome acknowledgment is made of the assistance that has been received therefrom. There is a wide field for usefulness before such an association in America, and it will have the good wishes of this Institute for its prosperity.

THE PRICE OF SILVER.—The following table, composed by Messrs. Pixley & Abell, shows the yearly average of the price of bar silver per oz. standard, from 1833 to 1884 inclusive:—

| YEARS. | YEARLY AVERAGE. | YEARS. | YEARLY AVERAGE. | YEARS. | YEARLY AVERAGE. | YEARS. | YEARLY AVERAGE. |
|--------|-------------------|--------|-------------------|--------|-------------------|--------|-------------------|
| 1833 | 59 $\frac{1}{16}$ | 1846 | 59 $\frac{1}{16}$ | 1859 | 62 $\frac{1}{16}$ | 1872 | 60 $\frac{1}{16}$ |
| 1834 | 59 $\frac{1}{8}$ | 1847 | 59 $\frac{1}{8}$ | 1860 | 61 $\frac{1}{8}$ | 1873 | 59 $\frac{1}{2}$ |
| 1835 | 59 $\frac{1}{8}$ | 1848 | 59 $\frac{1}{2}$ | 1861 | 60 $\frac{1}{8}$ | 1874 | 58 $\frac{1}{16}$ |
| 1836 | 60 | 1849 | 59 $\frac{1}{2}$ | 1862 | 61 $\frac{1}{16}$ | 1875 | 56 $\frac{1}{2}$ |
| 1837 | 59 $\frac{1}{8}$ | 1850 | 60 $\frac{1}{16}$ | 1863 | 61 $\frac{1}{8}$ | 1876 | 52 $\frac{3}{4}$ |
| 1838 | 59 $\frac{1}{2}$ | 1851 | 61 | 1864 | 61 $\frac{1}{8}$ | 1877 | 54 $\frac{1}{8}$ |
| 1839 | 60 $\frac{1}{8}$ | 1852 | 60 $\frac{1}{2}$ | 1865 | 61 $\frac{1}{16}$ | 1878 | 52 $\frac{1}{16}$ |
| 1840 | 60 $\frac{1}{8}$ | 1853 | 61 $\frac{1}{2}$ | 1866 | 61 $\frac{1}{2}$ | 1879 | 51 $\frac{1}{2}$ |
| 1841 | 60 $\frac{1}{16}$ | 1854 | 61 $\frac{1}{2}$ | 1867 | 60 $\frac{1}{16}$ | 1880 | 52 $\frac{1}{2}$ |
| 1842 | 59 $\frac{1}{16}$ | 1855 | 61 $\frac{1}{16}$ | 1868 | 60 $\frac{1}{2}$ | 1881 | 51 $\frac{1}{8}$ |
| 1843 | 59 $\frac{1}{16}$ | 1856 | 61 $\frac{1}{16}$ | 1869 | 60 $\frac{1}{16}$ | 1882 | 51 $\frac{1}{8}$ |
| 1844 | 59 $\frac{1}{2}$ | 1857 | 61 $\frac{1}{8}$ | 1870 | 60 $\frac{1}{16}$ | 1883 | 50 $\frac{1}{16}$ |
| 1845 | 59 $\frac{1}{2}$ | 1858 | 61 $\frac{1}{16}$ | 1871 | 60 $\frac{1}{2}$ | 1884 | 50 $\frac{1}{2}$ |

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

American Securities.—By W. M. GROSVENOR.*

THIS work deals at great length with the speculative movements in the New York markets during recent years, and more particularly with the panic of May, 1884. Mr. Grosvenor is evidently well acquainted, not only with the course of events during that period, but also with many of the hidden springs that moved them. Unfortunately to many, this wisdom, after the events, will serve only to emphasize the folly of playing against those who can sort the cards to suit themselves. The book contains very full lists of prices of the leading securities on the New York Stock market, during the last thirteen years, and in the present condition of affairs on that market, it will be useful in shewing that the price of almost any American railroad bears no sort of relation to the position of the company, or its probable future as a dividend-earning machine.

The author has also made extended investigations, with a view to shewing that the average return of all these highly speculative concerns is considerably less than that obtainable on mortgage of real estate, or in other safe channels of investment. In fact, if it is true, as is generally understood, that high interest means bad security, it appears by no means to follow that bad security brings high interest.

Tables for the immediate Conversion of Products into Interest, at twenty-nine Rates, viz:—From 1 to 8 per cent.—By ANDREW CROSBIE and WM. C. LAW, of Lloyds, Barnetts and Bosanquet's Bank, Birmingham.—Second Edition.†

The principle of these tables is computation by hundreds of products, the term product signifying the principal in £ sterling multiplied by the days of interest. As an illustration, the following will more clearly indicate the nature of the tables. Supposing that the product 87,400 is required to be converted into interest at $2\frac{3}{4}$ per cent., the number 874 is found in the column for hundreds of products in the $2\frac{3}{4}$ per cent. table, and gives the result as £6 11s. 8½d. Evident care has been taken in the production of the work.

OBITUARY.

MR. CORNELIUS WALFORD.

By the death of Mr. Cornelius Walford, which took place on the 28th September, at the comparatively early age of 58 years, the world of economic science has lost the services of a worker, who

* New York : Daily Commercial Bulletin Office. † London : Effingham Wilson.

combined intellectual power of a very high order, with the most untiring energy, zeal, and industry. Mr. Walford had for some months been in a state of health that demanded almost complete rest; but neither the imperative advice of his medical attendants, nor the earnest entreaties of his family and friends, were of any avail to induce him to cease from his literary labours or his professional duties. He had work in progress that, if he could not complete, he would at least advance as far as possible, he had materials that he had collected for still other work, these he would arrange so far as his failing health and strength would permit, and, with these aims in view, he worked courageously on up to the date of his last attack of illness, which terminated fatally within a few days.

Mr. Walford was descended from an Essex family that had held some position in the county since the time of the Commonwealth. His father, who bore the same name, resided at Witham, and here he commenced the active duties of life as an articled clerk in the offices of Messrs. Pattison. He remained in the same neighbourhood for some years devoting himself to local business, and in 1860 was called to the Bar, at the Middle Temple.

From this date he made a special study of the law relating to Insurance, and soon became a leading authority on all questions bearing on that subject. He devoted many years of labour to the compilation of an Insurance Cyclopædia, only five volumes of which (rather less than half of the projected work) were completed and published at the time of his death; but the materials for the remaining volumes are in such a state, that it is hoped it may be possible to make arrangements for the completion of the work. The library that he accumulated for the purposes of this Cyclopædia is probably the most complete series of books and pamphlets, relative to insurance, in the world.

Mr. Walford was, in addition, the author of the "Insurance Guide and Hand-book," the "Insurance Year-book," of works on "Fairs," on "Famines," on the "Ancient Guilds of England," the "Hanseatic League," &c., &c., and only a few months before his death he published a plan for a "Cyclopædia of Serial and Periodical Literature," and at once set to work to collect materials for this new undertaking. Mr. Walford had done much work abroad as well as in his own country, especially in the United States and Canada, where he was well known and highly appreciated. He was a member of the Royal Historical Society, of the Topographical Society of London, the Statistical Society, and of the "Sette of Odd Volumes," and although not a member, was a frequent attendant at the meetings of the Institute, which had his cordial support. He took part in its discussion, and prepared a paper on "Lotteries," that was read at the meeting in January last.

LEGAL DECISIONS AFFECTING BANKERS.

BLACKBURN AND DISTRICT BENEFIT BUILDING SOCIETY

v.

CUNLIFFE, BROOKS & Co.

(Reported in the Law Reports, Ch. Div., Vol. 29, p. 902.)

THE Blackburn and District Benefit Building Society was a society established in 1868. It had no power by its rules to borrow. The defendants were appointed the society's bankers in 1874. In 1881, when the society was ordered to be wound-up, the banking account was overdrawn. The account had since its commencement been sometimes overdrawn, and sometimes in credit, but more often overdrawn. Between March, 1875, and the date of winding-up, it had only been in credit one day. The bankers held the deeds of the society and claimed a lien on them for the amount of the overdraft.

At a previous stage of the litigation, the House of Lords held that, as the society had no power to borrow, such overdrafts were *ultra vires*, being in reality a borrowing of money, and that the bankers had a lien only on the securities for so much of their overdraft as had been applied by the society in payment of debts legally due by the society.

By the present action, the liquidator of the society sought to go further and to compel the bankers to refund the society all moneys applied by them in discharge of their loan, and asked for an account to be taken of all moneys received and paid by the bankers, with a declaration that in the taking of the accounts the bankers should be charged with all sums received by them on account of the society since the date when they were appointed bankers, and that they should not be allowed any sums paid by way of overdraft or loan, except such sums as might have been applied by the society in payment of the legitimate debts of the society.

The Court of Appeal held that the accounts were to be taken upon that footing.

The Court also held that the fact that accounts had been sent to all the members of the society, showing that the directors had borrowed money and were repaying it out of the funds of the society, did not amount to a ratification of the application of the money.

Appeal from a judgment of the Vice-Chancellor of the county palatine of *Lancaster* given in June, 1883, in an action by the official liquidators of the *Blackburn and District Benefit Building Society* against the defendants, bankers at *Blackburn*, who were the bankers of the society.

The society was established in 1868 under 6 & 7 Will. 4. c. 32. It was never incorporated under the *Building Societies Act*, 1874 (37 & 38 Vict. c. 42), but its rules were duly certified by the barrister, and were in the main similar to other building societies. There was no rule which authorized the borrowing of money by the society.

In January, 1874, an account was opened by the society with the defendants as bankers in the names of the trustees of the society in accordance with rule 47 of the society's rules (1). The account was sometimes overdrawn to a large amount, viz., £10,000 and upwards, and sometimes it was in credit, but after the 3rd of May, 1878, it was always overdrawn. Balance-sheets shewing the state of the society's account with its bankers were annually sent to all the members of the society and adopted at their annual meetings. On the 23rd of July, 1881, a petition was presented for winding-up the society, and on the 25th of October, 1881, an order was made on such petition for the liquidation of the society and for the appointment of the plaintiffs as the official liquidators.

An action was brought in November, 1881, by the official liquidators against the present defendants to recover deeds and other securities which had been deposited with the defendants by the directors of the society to secure the balance which might from time to time be due to the defendants on the banking account. Judgment in favour of the plaintiffs was given by the Vice-Chancellor of the county palatine, and the case came afterwards by way of appeal before the Court of Appeal and the House of Lords (2), and in the result it was held that the overdrawing of the account being *ultra vires*, the defendants were only entitled to a lien on the securities for such advances as had been applied in payment of the debts and liabilities of the society properly payable.

The present action was brought by the liquidators to recover all moneys paid in to the banking account, and applied by the defendants in discharging or reducing the balance of the overdrawn account. The nature of this last action and the facts connected with it are fully stated in the judgment of the Court, as delivered by Lord Justice *Cotton*. The action was tried before the Vice-Chancellor of the Duchy of *Lancaster*, who gave judgment in favour of the plaintiffs on the 29th of June, 1883. By that judgment it was declared that the defendants were not entitled to be allowed in account between

(1) This and the other material rules of the society are set out in *Cunliffe Brooks & Co. v. Blackburn Benefit Society*, 9 App. Cas. 858.

(2) 22 Ch. D. 61 ; 9 App. Cas. 857.

themselves and the society any sums paid or advanced by the defendants by way of overdraft, or any interest or commission (if any) charged by the defendants in respect to such overdraft, except so far as such overdraft might have been applied in payment or satisfaction of the debts and liabilities of the society properly payable; and it was declared that payments made out of overdraft to withdrawal members of the society were not payments in satisfaction of the debts and liabilities of the society properly payable; and it was declared that the defendants were entitled to set off against the amount of such overdraft as should be disallowed on account such sums (if any) as should have been paid or repaid to or otherwise received by the society by or on behalf of advanced members by way of bonus, &c., in respect of any advance by the society out of such overdraft, and also all sums of money which the defendants should pay to the plaintiffs under the judgment in the said former action by the plaintiffs against the defendants; and it was also declared that subject to the payment of the costs of and incidental to the winding-up of the said society, if and so far as the other assets of the society were insufficient to pay the same, and subject to all mortgages and charges to the society in respect of advances by the society out of its own proper funds, the defendants were as against the said society and the members thereof entitled to a lien or charge upon any mortgage securities to be taken by the society in respect of advances out of such overdraft to the extent of what, having regard to these declarations and to the account and inquiries directed to be taken, might be the amount ultimately disallowed to them in respect of the sums paid or advanced by them by way of overdraft. The judgment concluded with ordering such account and inquiries to be taken and made as were there specified.

The defendants appealed from this judgment, and the plaintiffs gave notice of intention to apply to vary the judgment as to the mode of ascertaining the sums advanced by way of overdraft.

Davey, Q.C., and *H. B. Buckley (Rigby, Q.C., with them)*, for the defendants:—

It must now be admitted after the decision in the House of Lords in the action between these parties (1) that the overdraft was a borrowing, which was not within the rules, and was therefore *ultra vires*, but although the bankers, the defendants, cannot recover, therefore, what might be due to them in respect of such advances, it does not follow that they ought to be made to repay what they have received in reduction of their loan. The whole transaction has been completed, and the society cannot now, after having had the benefit of it, re-open the account and recover back what has been paid. The case does not differ from the ordinary case in which money is not allowed to be recovered back which has been paid under an illegal

(1) 9 App. Cas. 857.

or immoral contract. Moreover, the balance-sheets of the society shewing what had been borrowed and what remained due to the bankers in respect thereof, were sent to all its members, and their acquiescence must be taken to amount to a ratification by them of what the directors had done, and of this application of the moneys in the bankers' hands to the reduction of the overdrawn account. The borrowing though *ultra vires* is not an illegal act. It was competent to the society at any time to have given itself power to borrow by making a rule to that effect, and such a rule would be valid: *In re Guardian Permanent Benefit Building Society* (1); *Murray v. Scott* (2); and therefore it was competent for the members of the society to ratify what had been done by the directors, and there was sufficient evidence here of the members having done so, it not being necessary for that purpose to prove the acquiescence of each individual member: *Phosphate of Lime Company v. Green* (3). Next, the defendants ought to be placed in the position of the withdrawing members who had been paid out of the moneys which had been advanced by them on this banking account. It has been held that withdrawing members of this society are entitled to be paid out of the assets in priority to the other members: *In re Blackburn and District Benefit Building Society* (4). The defendants should be allowed to receive what would be payable to these withdrawing members if they had not been paid off. Further, the decree of the Vice-Chancellor has postponed the defendants' right to the benefit of the securities taken by the society out of the advances made by the overdrafts until after the other mortgages and securities given to the society. This ought not to be, and the words in the decree "subject to all mortgages and charges to the society in respect of advances by the society out of its own proper funds," should therefore be struck out.

Sir *F. Herschell*, S.G., and *Macnaghten*, Q.C. (*Snow* with them), for the plaintiffs:—

The overdrafts have been decided to have been *ultra vires*, and cannot therefore be the subject of any debt due by the society which can be set off against the society in taking the accounts between the society and its bankers. The directors had no authority to authorize the bankers to apply what was paid into the bank on behalf of the society in discharge of such overdrafts: *Ex parte Williamson* (5); *Richardson v. Williamson* (6). This is not like the case of money paid under a mistake of the law; there was no mistake of law here, besides which, the money was not paid by or applied with the authority of the society, but of the Directors, who had no authority to act so.

Then, although according to the principle of the rule allowed in *In re Cork and Youghal Railway Company* (7), the defendants ought

(1) 23 Ch. D. 440. (2) 9 App. Cas. 519. (3) Law Rep. 7 C. P. 43.

(4) 24 Ch. D. 421; 10 App. Cas. 33, *nom. Walton v. Edge*.

(5) Law Rep. 5 Ch. 309.

(6) Law Rep. 6 Q. B. 276.

(7) Law Rep. 4 Ch. 748.

to have the benefit of so much of the advances out of the overdrafts as went to pay off the debts which were properly recoverable against the society, still the judgment of the Vice-Chancellor ought not to have given the defendants a lien on the securities taken by the society in respect of such advances. There could be no contract which would give a right to lien.

Davey, in reply.

1885. May 22. COTTON, L.J., now delivered the following judgment of the Court (*Brett, M.R., Cotton and Lindley, L.JJ.*):—

This is an action brought by the official liquidators of the *Blackburn and District Benefit Building Society* against the bankers of the society. In form the action is for an account, but in substance it is to recover from the bankers moneys from time to time paid to them by the society and applied by them towards discharging the balance alleged by the bankers to be due to them from the society upon their banking account, which was considerably overdrawn.

The society is a benefit building society established in 1868, under the Act 6 & 7 Will. 4, c. 32. It was never incorporated under the *Building Societies Act*, 1874. On the 23rd of July, 1881, a petition was presented for winding up the society, and on the 25th of October, 1881, it was ordered to be wound up.

The rules of the society were certified on the 7th of May, 1868, and those rules did not authorize the directors to borrow money on behalf of the society.

In 1874 the directors of the society in accordance with one of the rules (47), opened a banking account in the names of the trustees of the society with the defendants. The account was headed "The trustees of the *Blackburn and District Building Society, Broadbent and Hutchinson*, secretaries, in account current with Messrs. *Cuncliffe, Brooks & Co., Old Bank, Blackburn.*"

Into this account the moneys of the society were paid from time to time as received, and on the other hand cheques were drawn upon it for the purposes of the society, or for what the directors considered to be such purposes. The account was sometimes overdrawn and sometimes in credit. From the 6th of March, 1875, to the 3rd of May, 1878, it was largely overdrawn. On the last mentioned day it was in credit; but after that day until the winding up of the society the account was always overdrawn. The overdraft often amounted to more than £10,000; but at the commencement of the winding up the account was only overdrawn to the extent of about £2,700, the balance against the society having been reduced to this amount by payments made from time to time to the credit of the account.

The mortgage and other securities of the society appear to have been kept from the first at its bankers for safe custody; but on the 27th of September, 1876, the directors signed a memorandum giving the bankers a lien upon all the society's deeds and documents to secure all moneys which from time to time might be owing by the

society to the bankers on the balance of the banking account. Annual balance-sheets showing the amounts due to the bankers were sent to all the members of the society.

In November, 1881, the liquidators of the society brought an action against the bankers to recover the securities held by them, and the Vice-Chancellor of the county palatine gave judgment in the plaintiffs' favour, and ordered the bankers to deliver up the securities they held. From this judgment the bankers appealed. The Court of Appeal agreed with the Vice-Chancellor in thinking that the directors of the society had no power to borrow money on the credit of the society, or to give any security on the property of the society for money borrowed; but the Court of Appeal held that the bankers were entitled to a lien on the securities they held for such of their advances (but for such only), as had been applied in payment of the debts and liabilities of the society properly payable, and the Court of Appeal accordingly reversed the order of the Vice-Chancellor, and remitted the case back to him, with various declarations and inquiries based upon the above principle: see 22 Ch. Div. 61. From this decision the bankers appealed to the House of Lords, but their appeal was unsuccessful: see 9 App. Cas. 857.

This litigation decided, in addition to the question already mentioned, that the bankers were not entitled to a lien for moneys paid by the society to members who had withdrawn from the society, nor to the benefit of moneys advanced by the society to borrowing members, on the ground that nothing ought to have been either paid to withdrawing members or advanced to borrowing members out of borrowed capital.

In directing the accounts and inquiries to give effect to the lien of the bankers to the limited extent to which it was upheld, the Court, amongst other things, declared that the bankers were to be charged with all sums received by them on account of the society since the time when the society last ceased to have any balance standing to its credit on its account with the bankers, and that the bankers were not to be allowed any sums advanced by them to the order or on account of the society since the same time and applied by the society otherwise than in paying debts and liabilities of the society properly payable.

The object of the present action is to go still further than before, and to compel the bankers to refund all moneys of the society applied by the bankers in discharge of their loan to the society. For this purpose the liquidators of the society claim an account of all moneys received and paid by the bankers for the society, with a declaration that in taking the account the bankers are to be charged with all sums received by them on account of the society since the date when they were appointed bankers thereof, and that they are not to be allowed any sums paid by way of overdraft, or otherwise by way of loan, which have been applied otherwise than in payment of the legitimate debts and liabilities of the society.

The action came on to be heard before the Vice-Chancellor of the county palatine, and his decision was in favour of the liquidators and against the bankers, and from his decision the bankers have appealed.

It was urged on behalf of the appeal that the moneys sought to be recovered were applied by order of the directors in repayment of the moneys borrowed under a mistake of law as to their power to borrow, and that no one can recover money so paid voluntarily, or money paid on an illegal contract. This is correct where the same person who made the payment, or was party to the contract, seeks to recover the money. But here the liquidators are suing on behalf of the society, and complain that the directors, both in borrowing and in directing the application of the moneys of the society, acted in excess of the authority given to them; and that their acts do not bind the society, and that the bankers knew that the directors had no authority so to deal with the moneys of the society. This, in our opinion, is correct, and consequently the acts of the directors were unauthorized, and are not to be considered as acts of the society, and this objection cannot be maintained.

It was also urged by the appellants that the society was not a corporation, that all the individuals who made up the society, by seeing the accounts circulated, knew that the directors had borrowed money, and were applying the funds of the society in repaying the money so borrowed, and that they must be taken to have ratified the acts of the directors. But these acts were not within the scope and objects of the society, so that no majority could even in general meeting bind the minority present, or any absent member, and in our opinion it would be wrong to hold that all members of the society, from merely receiving the accounts, knew that the directors had borrowed money from their bankers, and had authorized repayment out of the funds of the society. For although this was a conclusion which would probably be drawn from a careful examination and comparison of the accounts, it would, in our opinion, be wrong to draw the conclusion that all members in fact understood that this was the effect of the accounts, or even that they examined or read the accounts. Even if they did, there was no ratification. For although nothing was done to question the accounts, no other ratification was alleged, and mere omission to question the accounts or acts of the directors cannot properly be treated as ratification. The loans and repayment were not stated as matters to be ratified they were represented as, and considered to be, acts within the powers of the directors, and there was no intention to ratify. In our opinion, therefore, it cannot be maintained that all the members of the society had ratified the application of the money sought to be recovered.

Possibly the bankers may be able to prove that some of the members not only knew of but intended to adopt and ratify the dealings of the directors. This judgment in no way deals with and will not prejudice such claim, if any, as the bankers may be advised

to make in respect of any moneys payable to such of the members, or representatives of deceased members, as concurred in the dealings of the directors with the moneys of the company. This is not a question for decision in the present action.

On the main question the Appellants, in our opinion, fail. But some minor objections were taken to the judgment. It was alleged that out of moneys advanced by the bankers, payments were made to members who had given notice of withdrawal. No allowance has been made to the bankers in respect of the sums so paid, and it was contended by the Appellants that as these members, if they had not been paid off, would now be entitled to be paid off out of the assets of the society in priority to the continuing members, the bankers are entitled to stand in the place of the withdrawing members so paid, and receive or be allowed in account the amounts which would be payable to such withdrawing members if they had not been paid off. This was not objected to by the Plaintiffs. We think the claim right, and the necessary addition should be made to the judgment. It was contended by the Appellants that the account ought not to be carried back further than May, 1878, and that this was decided by the judgment of the Court of Appeal and of the House of Lords in the previous case. It does not exactly appear why the account in that case was limited to the period mentioned; but having regard to the difference between the questions decided in that and in the present action, we think that that judgment does not decide how far back the accounts directed in the present action should be carried, and that there is no ground for limiting them to the period suggested.

The judgment gives the bankers a lien on any mortgage securities taken by the society in respect of advances out of the moneys advanced by the bankers, but directs that this lien shall be subject to all mortgages and charges granted to the society in respect of advances made by the society out of its proper funds. The Appellants object to their lien being so postponed. The securities on which they are to have a lien were acquired by the society by means of the overdraft allowed by the bankers, if there had been no such advances or loan by the bankers the securities would not have existed, and in our opinion the bankers are entitled to the benefit of these securities according to their order of priority, and we think that the judgment ought to be corrected by striking out the words "subject to all mortgages and charges to the society in respect of advances made by the society out of its own proper funds." Mr. *Macnaghten*, for the liquidators, contended that the judgment was too favourable to the bankers. He contended that they ought not to be allowed to have a lien on the securities taken by the society in respect of advances made out of moneys lent by them by way of overdraft to the society, and that as wrongdoers they ought only to be allowed the sum, if any, by which it may be shewn that the property of the society was improved by means of the moneys lent by them. But this objection,

we think, cannot be supported. The bankers, though dealing with the directors in matters which were not within the authority of the directors, were not acting fraudulently. The case of *In re Guardian Permanent Benefit Building Society* (1) was not in point. The money there in question was secured by mortgage on property of the society. The mortgages here were on the property not of the society but of its members, and the society acquired their interest in the property by means of the money lent by the bankers. The consequence of this variation in the judgment of the Vice-Chancellor is that his direction that the lien of the bankers is to be subject to the costs of the winding-up, must also be struck out, for we treat the mortgages given to secure sums lent out of money advanced by the bankers as property which they are entitled to claim, that is, as their property, and consequently that it ought not to be subject to the costs of winding-up.

Order appealed from varied accordingly. No costs of appeal to either party; but the costs of the liquidators to be paid out of the assets.

Solicitors for Appellants: *Gregory, Rowcliffes & Co.*, agents for *Addleshaw & Warburton, Manchester*.

Solicitor for Respondents: *H. G. Field*, agent for *Danger & Neville, Liverpool*. W. P.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE Council desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved:—

Bill of Exchange—French Stamp Duty.

QUESTION 350.—Does a bill drawn by an English firm upon a French firm in English money, and accepted by them, payable in London, require to have a French bill stamp upon it in addition to the English bill stamp?

ANSWER: The French law requires that bills drawn as described should be stamped in France on acceptance, and the stamp cancelled by the signature of the acceptor.

Bill of Exchange—French Stamp Duty.

QUESTION 351.—Would the absence of the French bill stamp upon such a bill prevent the recovery of the amount of the bill from the acceptor in a French court of law, in case the bill was not met?

ANSWER: The acceptor can be sued in a French court on an unstamped bill, on payment of a fine of 6 p. ct. on the amount of

(1) 23 Ch. D. 440.

the bill from each of the three parties—the drawer, the acceptor, and the first endorser.

French Stamp Duty—Liability of Acceptor of Bill.

QUESTION 352.—Would the absence of the French stamp render the acceptor liable to penalties according to French law?

ANSWER: Yes, of 6 p. ct. on the amount of the bill (see answer to last question).

Cheque—Necessity of Endorsement.

QUESTION 353.—A cheque was presented through the Country Clearing, payable to the order of Samuel Jones, and bore the following endorsements:—

Per pro.

Samuel Jones,

E. E. Jones.

Pay to the order of the Commercial Bank of London.

Chas. Brown & Son.

The cheque was returned to the country bankers, by whom it was crossed, marked “requires 3rd endorsement.” They endorsed same and sent direct to the bank on whom it was drawn, stating that “as the first endorsement is blank, the cheque is therefore payable to bearer, and does *not* require a third endorsement.” Which is correct?

ANSWER: Previous to the passing of the *Bills of Exchange Act*, 1882, such third endorsement could not have been required, but by sec. 8, s.s. 3, such endorsement is now necessary.

Cheque—Endorsement by Solicitor.

QUESTION 354.—A cheque is made payable to Mr. J. Brown (Brown *v.* Jones), or order, and is endorsed—

“F. White,

Solicitor to the Plaintiff.”

Is the banker justified in paying on such endorsement?

ANSWER: No.

Forged Endorsement—Liability.

QUESTION 355.—A. B. (an agent abroad) remits to C. D. (his principal in England), in accordance with instructions, a bank draft at sight. During transmission this is stolen. The endorsement is forged, and the draft left for a few days with E. F. (a country banker) for collection, by a stranger who eventually disappears with the proceeds. Who is responsible?

ANSWER: The paying banker would not be liable under the *Bills of Exchange Act*, 1882, sec. 60, but the collecting banker would appear not to be exempt from such liability in paying the money to a stranger, *Bills of Exchange Act* 1882, sec. 82.

SUMMARY OF JOINT

In £'s sterling 000 omitted, thus :—£1,000 =

| Bank. | Account made up to | No. of Branches & Sub-Branches. | CAPITAL AND SHAREHOLDERS' LIABILITIES. | | | | | Dividend and Bonus per Annum. |
|--|--------------------|---------------------------------|--|----------|--------------------------|--------------------|------------------------------|-------------------------------|
| | | | Subscribed. | Paid up. | Nominal Amount of Share. | Paid up per Share. | Reserve Liability per Share. | |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | 1885. | | £ | £ | £ | £ | £ | % |
| Ballarat Banking Co., Limited... | Jun. 30 | None | 200 | 75 | { 10 10 } | 5 } 2 10/ } | ... | 10 |
| *Bank of Adelaide | Mch 30 | 7 | 500 | 400 | 5 | 4 | 5 | 10 |
| Bank of Australasia | Apr. 13 | 112 | 1,600 | 1,600 | 40 | 40 | 40 | 15 |
| Bank of Van Diemen's Land, Ltd. | Jun. 30 | 2 | 200 | 100 | 17 | 17 | 17 | 6 |
| Bank of Victoria..... | " | 63 | 1,000 | 500 | 50 | 25 | 75 | 10 |
| *Belfast Banking Co., Limited ... | July 31 | 55 | 2,000 | 370 | 125 | { 25 25 } | 75 75 | { 20 8 } |
| City Bank, Sydney | Jun. 30 | 8 | 300 | 240 | 10 | 8 | 10 | 12½ |
| City of Melbourne Bank, Ltd. ... | Mch 31 | 4 | 750 | 375 | 5 | 2 10/- | ... | 10 |
| Colonial Bank of Australasia ... | " | 63 | 625 | 406 | 10 | 6 10/- | 10 | 10 |
| Commercial Bk. of Tasmania, Ltd. | Jun. 30 | 7 | 500 | 125 | 40 | 10 | ... | 20 |
| Delhi and London Bank, Ltd. ... | " | 4 | 338 | 338 | 25 | 25 | ... | 5 |
| Hong Kong and Shanghai Banking Corporation | " | 20 | 1,312 | 1,312 | 21½ | 21½ | 21½ | 9½ |
| Ionian Bank, Limited | July 12 | 5 | 316 | 316 | { 25 2 10 } | 25 2 10/- | 25 } 2 10/ } | 4 |
| London and County Banking Co., Limited | Jun. 30 | 160 | 8,000 | 2,000 | 80 | 20 | 60 | 20 |
| *New London and Brazilian Bank, Limited | July 31 | 10 | 1,000 | 500 | 20 | 10 | ... | 10 |
| *North of Scotland Bank, Ltd..... | Sep. 30 | 64 | 2,000 | 400 | 20 | 4 | 12 | 12½ |
| Standard Bank of South Africa... | Jun. 30 | 60 | 4,000 | 1,000 | 100 | 25 | 75 | 10 |
| Town and Country Bank | Mch 30 | 21 | 375 | 250 | { 5 5 } | 3 10/- 3 | 5 } 5 } | 7½ |

* These accounts are made up annually.

† Including Liability of Customers for Acceptances and Endorsements.

STOCK BANK ACCOUNTS (continued from page 427.)

1,000,000. (except columns 1, 2, 5, 6, 7, 8).

| Reserve Fund. | LIABILITIES. | | | ASSETS. | | | | | |
|---------------|--------------|--------------|--------------|---------------------------|------------------------------|-----------------------|--|-------------------------------|---------------|
| | Deposits. | Acceptances. | Net Profits. | Cash in hand and at Call. | Investments. | | Bills discounted, Loans, and other Securities† | Bank Premises, Furniture, &c. | Total Assets. |
| 9 | 10 | 11 | 12 | 13 | British Government Stock. 14 | Other Investments. 15 | 16 | 17 | 18 |
| £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| 26 | 226 | ... | 5 | 59 | ... | ... | 271 | 3 | 333 |
| 160 | 564 | ... | 29 | 147 | ... | ... | 1,128 | 62 | 1,337 |
| 770 | 10,653 | ... | 147 | 2,588 | 500 | 144 | 12,036 | 325 | 15,593 |
| 1 | 332 | ... | 4 | 58 | ... | ... | 381 | 28 | 467 |
| 125 | 4,556 | ... | 29 | 772 | ... | 92 | 4,719 | 234 | 5,817 |
| 344 | 2,258 | ... | 48 | 521 | 95 | 492 | 2,215 | 46 | 3,369 |
| 110 | 1,604 | ... | 20 | 403 | ... | ... | 1,601 | 29 | 2,033 |
| 105 | 1,774 | ... | 37 | 294 | ... | ... | 2,255 | 54 | 2,543 |
| 133 | 2,681 | .... | 28 | 335 | ... | ... | 3,088 | 120 | 3,493 |
| 125 | 1,896 | ... | 25 | 727 | ... | 149 | 1,349 | 16 | 2,241 |
| Nil | 668 | 10 | 9 | 81 | ... | 269 | 986 | 42 | 1,378 |
| 962 | 9,356 | ... | 164 | 2,225 | ... | 448 | 12,190 | 87 | 14,950 (a) |
| (b) 23 | 333 | ... | 7 | 130 | ... | 116 | 638 | 24 | 908 |
| 1,000 | 27,966 | 3,644 | 234 | 6,808 | 4,140 | 872 | 22,614 | 455 | 34,889 |
| 240 | 2,368 | ... | 64 | 1,290 | ... | ... | 4,593 | 48 | 5,931 |
| 213 | 3,201 | 26 | 53 | 501 | 201 | 218 | 3,347 | 88 | 4,355 |
| 400 | 5,838 | 76 | 50 | 1,536 | 100 | 823 | 6,851 | 201 | 9,511 |
| 23 | 453 | ... | 12 | 107 | 50 | 50 | 691 | 13 | 861 |

(a) Converted into Sterling @ 3s. 6d. per dollar.

(b) Balance of undivided profit.

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Sept. 2. | 1885. Sept. 9. 2 | 1885. Sept. 16. 3 | 1885. Sept. 23. 4 | 1885. Sept. 30. 6 |
|---|-------------------|------------------------|-------------------------|-------------------------|-------------------------|
| BANK OF ENGLAND. | | | | | |
| ISSUE DEPARTMENT. | | | | | |
| Notes issued | £ 39,178 | £ 37,723 | £ 37,610 | £ 37,239 | £ 37,491 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 23,428 | 21,973 | 21,860 | 21,489 | 21,741 |
| | 39,178 | 37,723 | 37,610 | 37,239 | 37,491 |
| BANKING DEPARTMENT. | | | | | |
| LIABILITIES. | | | | | |
| Proprietor's capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Res. | 3,743 | 3,745 | 3,752 | 3,760 | 3,743 |
| Public deposits | 3,200 | 4,463 | 4,011 | 4,387 | 6,249 |
| Other deposits | 31,025 | 28,803 | 29,058 | 28,526 | 23,123 |
| Seven day and other bills..... | 172 | 181 | 167 | 166 | 178 |
| Total..... | 52,693 | 51,745 | 51,541 | 51,392 | 47,845 |
| ASSETS. | | | | | |
| Government securities | 16,026 | 15,126 | 14,935 | 14,950 | 13,725 |
| Other securities | 21,558 | 22,675 | 22,475 | 22,645 | 20,876 |
| Notes | 14,082 | 12,971 | 13,122 | 12,906 | 12,389 |
| Gold and Silver coin | 1,027 | 973 | 1,009 | 891 | 855 |
| Total..... | 52,693 | 51,745 | 51,541 | 51,392 | 47,845 |
| Notes in the hands of the Public..... | 25,096 | 24,752 | 24,488 | 24,333 | 25,102 |
| Reserve | 15,109 | 13,944 | 14,131 | 13,797 | 13,244 |
| Proportion of reserve to liabilities (per Cent.) | 43.92 | 41.69 | 42.51 | 41.71 | 44.82 |
| Rate of discount | 2 ½ | 2 ½ | 2 ½ | 2 ½ | 2 ½ |
| RATES OF EXCHANGE ON LONDON. | | | | | |
| Paris, cheque— (par £1=25f. 22½ c.) | 25.22 | 25.25 | 25.24½ | 25.25½ | 25.17½ |
| Berlin, 8 days— (par £1=20m. 43 pf.) | 20.37½ | 20.37 | 20.36 | 20.33 | 20.37 |
| New York, 60 days— (par £1=\$4.867) | 4.82½ | 4.82½ | 4.82½ | 4.83½ | 4.82½ |
| Calcutta, 4m/d— (per rupee) | 1s. 6½d. | 1s. 6½d. | 1s. 6½d. | 1s. 6½d. | 1s. 7½d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Sept. 3. 1 | 1885. Sept. 10. 2 | 1885. Sept. 17. 3 | 1885. Sept. 24. 4 | 1884. Sept. 25. 5 |
|---|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| BANK OF FRANCE. | | | | | |
| (Converting the franc at 25 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Public deposits | 8,095 | 7,723 | 7,899 | 8,211 | 5,396 |
| Private deposits | 15,575 | 15,102 | 14,973 | 14,921 | 15,045 |
| Notes in circulation | 110,504 | 109,438 | 109,252 | 109,051 | 112,595 |
| Other items..... | 12,795 | 12,336 | 12,459 | 12,350 | 12,375 |
| Total..... | 146,969 | 144,599 | 144,583 | 144,533 | 145,411 |
| ASSETS. | | | | | |
| Gold | 46,918 | 46,830 | 46,855 | 47,009 | 42,480 |
| Silver | 44,178 | 44,031 | 44,107 | 44,193 | 41,133 |
| Bills | 27,179 | 24,111 | 24,198 | 23,509 | 32,153 |
| Advances | 17,447 | 17,515 | 17,393 | 17,389 | 17,336 |
| Other items | 11,247 | 12,112 | 12,030 | 12,433 | 12,309 |
| Total..... | 146,969 | 144,599 | 144,583 | 144,533 | 145,411 |
| Rate of discount | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | |
| (Converting the reich-mark at 20 to the £.) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 35,159 | 34,944 | 35,759 | 41,182 | 41,243 |
| Current accounts | 12,414 | 12,397 | 12,152 | 10,284 | 9,324 |
| Other items | 7,088 | 7,088 | 7,091 | 7,090 | 7,035 |
| ASSETS. | | | | | |
| Coin and bullion | 29,300 | 29,171 | 28,981 | 27,893 | 27,659 |
| Bills and loans | 19,082 | 19,089 | 19,845 | 24,456 | 25,338 |
| Other items | 6,742 | 6,652 | 6,640 | 6,679 | 4,626 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Aug. 8. 1 | 1885. Aug. 15. 2 | 1885. Aug. 22. 3 | 1885. Aug. 29. 4 | 1884. Aug. 30. 5 |
|---|-----------------------|------------------------|------------------------|------------------------|------------------------|
| NEW YORK ASSOCIATED BANKS. | | | | | |
| (Converting the dollar at 5 to the £). | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 1,926 | 1,930 | 1,929 | 1,937 | 2,871 |
| Net Deposits | 77,365 | 77,650 | 78,361 | 78,228 | 60,830 |
| ASSETS. | | | | | |
| Loans and Discounts | 62,570 | 62,988 | 63,511 | 64,022 | 57,578 |
| Specie | 23,017 | 22,922 | 23,194 | 23,131 | 15,183 |
| Legal tenders | 8,652 | 8,401 | 8,064 | 7,808 | 6,244 |
| Legal reserve (being one-fourth of net deposits) | 19,341 | 19,412 | 19,590 | 19,557 | 15,207 |
| Reserve held (consisting of specie and legal tenders) | 31,669 | 31,323 | 31,258 | 30,939 | 21,427 |
| Surplus | 12,328 | 11,911 | 11,668 | 11,382 | 6,220 |
| | 1885. Sept. 2. | 1885. Sept. 9. | 1885. Sept. 16. | 1885. Sept. 23. | 1884. Sept. 24. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ |
| Clearing-house returns | 117,909 | 85,054 | 103,550 | 82,111 | 89,926 |
| Average price of Wheat | 33s. 3d. | 32s. 4d. | 31s. 1d. | 30s. 10d. | 33s. 10d. |
| Price of Consols | 100½ | 100½ | 100½ | 99½ | 101½ |
| Bar silver, fine, per oz. standard | 48 7/8d. | 47 1/8d. | 47 1/8d. | 47 1/8d. | 50 1/8d. |
| 3 % French Rentes | 81·52½ | 81·82½ | 81·25 | 80·67½ | 78·20 |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Sept. 30. 1 | 1885. Oct. 7. 2 | 1885. Oct. 14. 3 | 1885. Oct. 21. 4 | 1884. Oct. 23. 5 |
|--|-------------------------|-----------------------|------------------------|------------------------|------------------------|
| BANK OF ENGLAND. | | | | | |
| ISSUE DEPARTMENT. | | | | | |
| Notes issued | £ 36,786 | £ 36,282 | £ 36,388 | £ 35,659 | £ 35,494 |
| Government debt | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 21,036 | 20,532 | 20,638 | 19,909 | 19,744 |
| | 36,786 | 36,282 | 36,388 | 35,659 | 35,494 |
| BANKING DEPARTMENT. | | | | | |
| LIABILITIES. | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Res. | 3,747 | 3,055 | 3,074 | 3,077 | 3,112 |
| Public deposits | 5,714 | 5,623 | 3,751 | 3,569 | 4,351 |
| Other deposits | 27,997 | 29,667 | 31,220 | 29,594 | 24,395 |
| Seven day and other bills..... | 170 | 200 | 225 | 215 | 173 |
| Total..... | 52,181 | 53,098 | 52,823 | 51,008 | 46,589 |
| ASSETS. | | | | | |
| Government securities | 17,218 | 19,114 | 18,539 | 17,558 | 14,460 |
| Other securities..... | 22,505 | 22,279 | 22,126 | 21,749 | 21,485 |
| Notes | 11,586 | 10,773 | 11,250 | 10,689 | 9,824 |
| Gold and Silver coin | 872 | 932 | 908 | 1,012 | 320 |
| Total..... | 52,181 | 53,098 | 52,823 | 51,008 | 46,589 |
| Notes in the hands of the Public..... | 25,200 | 25,509 | 25,138 | 24,970 | 25,670 |
| Reserve | 12,458 | 11,705 | 12,158 | 11,701 | 10,644 |
| Proportion of reserve to liabilities (per cent.)..... | 36.76 | 32.98 | 34.54 | 35.05 | 36.79 |
| Rate of discount | 2 % | 2 % | 2 % | 2 % | 3 % |
| RATES OF EXCHANGE ON LONDON. | | | | | |
| | 1885. Oct. 1. | 1885. Oct. 8. | 1885. Oct. 15. | 1885. Oct. 22. | 1884. Oct. 23. |
| Paris, cheque— (par £1=25f. 22½ c.) | 25.23 | 25.22 | 25.21 | 25.21 | 25.21½ |
| Berlin, 8 days— (par £1=20m. 43 pf.) | 20.32½ | 20.33½ | 20.32 | 20.33 | 20.37 |
| New York, 60 days— (par £1=\$4.867) | 4.83½ | 4.83½ | 4.83½ | 4.83½ | 4.80½ |
| Calcutta, 4 m/d— (per rupee)..... | 1s. 6½d. | 1s. 6¾d. | 1s. 6½d. | 1s. 6½d. | 1s. 7¼d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Oct. 1. 1 | 1885. Oct. 8. 2 | 1885. Oct. 15. 3 | 1885. Oct. 22. 4 | 1885. Oct. 23. 5 |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| BANK OF FRANCE. | | | | | |
| (Converting the franc at 25 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Public deposits | 8,607 | 6,702 | 6,516 | 6,703 | 5,829 |
| Private deposits | 13,853 | 13,477 | 12,895 | 13,272 | 14,876 |
| Notes in circulation | 111,442 | 112,260 | 114,101 | 113,117 | 114,181 |
| Other items | 12,505 | 12,896 | 12,559 | 12,800 | 12,610 |
| Total..... | 146,407 | 145,335 | 146,071 | 145,892 | 147,496 |
| ASSETS. | | | | | |
| Gold | 46,519 | 46,097 | 45,809 | 45,875 | 42,344 |
| Silver | 44,106 | 44,012 | 43,887 | 43,866 | 41,136 |
| Bills | 26,348 | 25,396 | 26,344 | 26,060 | 34,629 |
| Advances | 17,550 | 17,777 | 17,861 | 17,995 | 17,603 |
| Other items | 11,884 | 12,053 | 12,170 | 12,096 | 11,784 |
| Total..... | 146,407 | 145,335 | 146,071 | 145,892 | 147,496 |
| Rate of discount..... | 3 % | 3 % | 3 % | 3 % | 3 % |
| IMPERIAL BANK OF GERMANY. | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | |
| LIABILITIES. | £ | £ | £ | | £ |
| Notes in circulation | 40,157 | 38,563 | 37,709 | | 38,118 |
| Current accounts | 10,509 | 10,065 | 11,582 | | 10,116 |
| Other items | 7,091 | 7,090 | 7,089 | | 7,034 |
| ASSETS. | | | | | |
| Coin and Bullion | 28,173 | 28,474 | 29,509 | | 27,264 |
| Bills and Loans | 23,480 | 21,375 | 21,167 | | 23,509 |
| Other items | 6,595 | 6,374 | 6,226 | | 4,935 |
| Rate of discount | 4 % | 4 % | 4 % | | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1884. Sept. 5. 1 | 1884. Sept. 12. 2 | 1884. Sept. 19. 3 | 1884. Sept. 26. 4 | 1884. Sept. 27. 5 |
|--|------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £). | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ |
| Notes in circulation | 1,941 | 1,951 | 1,947 | 1,962 | 2,327 |
| Net deposits | 78,160 | 77,885 | 77,626 | 77,195 | 61,029 |
| ASSETS. | | | | | |
| Loans and discounts | 64,971 | 65,341 | 65,653 | 65,818 | 58,225 |
| Specie | 22,861 | 22,397 | 22,051 | 21,851 | 14,765 |
| Legal tenders | 7,059 | 7,084 | 6,791 | 6,434 | 6,079 |
| Legal reserve (being one-fourth of net deposits) | 19,540 | 19,471 | 19,406 | 19,299 | 15,257 |
| Reserve held (consisting of specie and legal tenders) | 29,920 | 29,431 | 28,842 | 28,285 | 20,844 |
| Surplus | 10,380 | 9,960 | 9,435 | 8,986 | 5,587 |
| | 1884. Sept. 30. | 1884. Oct. 7. | 1884. Oct. 14. | 1884. Oct. 21. | 1884. Oct. 22. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ |
| Clearing-house returns | 105,938 | 107,451 | 83,994 | 111,402 | 98,767 |
| Average price of wheat | 30s. 10d. | 30s. 6d. | 30s. 7d. | 30s. 11d. | 32s. 4d. |
| Price of consols | 100 | 100 $\frac{1}{4}$ | 100 $\frac{1}{2}$ | 100 $\frac{1}{2}$ | 100 $\frac{1}{2}$ |
| Bar silver, fine, per oz. standard | 47 $\frac{1}{2}$ d. | 47 $\frac{1}{2}$ d. | 47 $\frac{1}{2}$ d. | 47 $\frac{1}{2}$ d. | 50 $\frac{1}{2}$ d. |
| 3 % French Rentes | 80.50 | 79.75 | 79.5 | 80.37 $\frac{1}{2}$ | 78.20 |

SUMMARY OF BANK RETURNS

OF VICTORIA, NEW SOUTH WALES, NEW ZEALAND, SOUTH AUSTRALIA, QUEENSLAND, TASMANIA, AND WESTERN AUSTRALIA.

Compiled from the Sworn Averages for the Quarter ended 30th June, 1885.

LIABILITIES.

| | Notes in Circulation not bearing Interest. | Bills in Circulation not bearing Interest. | Balances due to other Banks. | Deposits not bearing Interest. |
|--------------------------|--|--|------------------------------|--------------------------------|
| | £ | £ | £ | £ |
| Victoria | 1,406,487 | 87,939 | 338,726 | 7,211,580 |
| New South Wales | 1,690,929 | 52,311 | 610,878 | 8,886,333 |
| New Zealand | 992,910 | 46,083 | 24,809 | 3,546,400 |
| South Australia | 563,107 | 11,930 | 91,482 | 1,668,148 |
| Queensland | 611,222 | 141,765 | 811,804 | 2,294,959 |
| Tasmania | 168,064 | 17,082 | 7,729 | — |
| Western Australia | 34,721 | 3,140 | 12,986 | 199,062 |
| Totals | 5,467,440 | 359,450 | 1,898,114 | 23,804,472 |

| | Deposits bearing Interest. | Total Deposits. | Total amount of Liabilities. |
|--------------------------|----------------------------|-----------------|------------------------------|
| | £ | £ | £ |
| Victoria | 22,302,496 | 29,514,076 | 31,346,530 |
| New South Wales | 18,724,486 | 27,610,819 | 29,964,840 |
| New Zealand | † 6,338,380 | 9,884,780 | 10,948,584 |
| South Australia | 3,730,921 | 5,397,070 | 6,063,591 |
| Queensland | 3,963,896 | 6,258,855 | 7,823,346 |
| Tasmania | — | § 3,908,495 | 4,101,371 |
| Western Australia | 470,848 | \|\| 669,900 | 720,748 |
| Totals | 55,531,027 | 83,243,995 | 90,969,010 |

* Victoria.—This includes £2,092,848 Government deposits.

† New Zealand.—This includes £561,363 Government deposits.

‡ South Australia.—This includes £849,837 Government deposits.

§ Tasmania.—In this colony's Bank Returns, deposits bearing interest are not distinguished from those not bearing interest.

|| Western Australia.—Government deposits not stated separately.

ASSETS.

| | Coined Gold and Silver, and other metals. | Gold and Silver in bullion or bars. | Landed Property. | Notes and Bills of other Banks. |
|--------------------------|---|-------------------------------------|------------------|---------------------------------|
| | £ | £ | £ | £ |
| Victoria | 4,605,638 | 381,944 | 1,066,925 | 137,988 |
| New South Wales | 4,290,263 | 53,092 | 931,544 | 124,276 |
| New Zealand | 1,943,437 | 115,196 | 475,816 | 38,583 |
| South Australia | 1,264,982 | 8,739 | 399,830 | 60,036 |
| Queensland | 1,173,347 | 109,950 | 353,841 | 18,161 |
| Tasmania | 646,534 | — | 67,094 | — |
| Western Australia | 165,657 | — | 85,284 | 5,996 |
| Totals | 13,989,868 | 668,851 | 3,329,334 | 382,940 |

| | Balances due from other Banks. | All debts due to the Banks.* | Total amount of Assets. |
|--------------------------|--------------------------------|------------------------------|-------------------------|
| | £ | £ | £ |
| Victoria | 392,668 | † 31,543,591 | 38,027,557 |
| New South Wales | 2,204,378 | ‡ 29,999,801 | 27,603,286 |
| New Zealand | 45,648 | § 15,882,216 | 18,500,897 |
| South Australia | 224,459 | ¶ 10,190,498 | 12,148,546 |
| Queensland | 177,092 | ** 10,267,007 | 12,098,528 |
| Tasmania | 614,141 | †† 2,687,995 | 3,016,786 |
| Western Australia | 4,460 | ‡‡ 993,215 | 1,292,613 |
| Totals | 3,562,676 | 101,564,323 | 123,587,213 |

* Including notes, bills of exchange, and all stock and funded debts of every description, except notes, bills, and balances due to the banks from other banks.

† Victoria.—Government securities (if any) held by the banks are not separately distinguished in these returns.

‡ New South Wales.—This includes £79,311 average amount of N.S.W. Government debentures held by the Mercantile Bank of Sydney, and £703,200, average amount of Government securities held by the Commercial Banking Co. of Sydney.

§ New Zealand.—This includes £155,769 Government securities; notes and bills discounted, £4,310,939; debts due to the banks, exclusive of debts abandoned as bad, £10,996,049; securities not included under other heads, £419,460.

¶ South Australia.—This includes £25,000 Government securities.

** Queensland.—This includes £544 Government securities and stamp account.

†† Tasmania.—This includes £145,623 Government securities, and £18,287, amount of British and foreign bills of exchange remitted, but not yet matured.

‡‡ Western Australia.—This includes £7,500 public securities.

(From the *Australasian Banking Record*.)

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| | | | | | |
|----------------------------|-----|-----|-----|-----|-------------------|
| SUBSCRIBED CAPITAL | ... | ... | ... | ... | £2,000,000 |
| PAID-UP CAPITAL | ... | ... | ... | ... | 1,000,000 |
| TOTAL FUNDS IN HAND | ... | ... | ... | ... | 3,861,000 |
| TOTAL INCOME, OVER | ... | ... | ... | ... | 718,000 |

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OF £80 EACH.**

| | | | | | |
|-----------------|-----|-----|-----|-----|------------|
| Paid-up Capital | ... | ... | ... | ... | £2,000,000 |
| Reserve Fund | ... | ... | ... | ... | £1,000,000 |

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CALENDAR FOR SESSION 1885-86.

OCTOBER, 1885.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

NOVEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

DECEMBER.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | 31 |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

JANUARY, 1886.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Friday | ... | 1 | 8 | 15 | 22 | 29 |
| Saturday | ... | 2 | 9 | 16 | 23 | 30 |
| Sunday | ... | 3 | 10 | 17 | 24 | 31 |
| Monday | ... | 4 | 11 | 18 | 25 | |
| Tuesday | ... | 5 | 12 | 19 | 26 | |
| Wednesday | ... | 6 | 13 | 20 | 27 | |
| Thursday | ... | 7 | 14 | 21 | 28 | |

FEBRUARY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|--|
| Monday | ... | 1 | 8 | 15 | 22 | |
| Tuesday | ... | 2 | 9 | 16 | 23 | |
| Wednesday | ... | 3 | 10 | 17 | 24 | |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

MARCH.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Monday | ... | 1 | 8 | 15 | 22 | 29 |
| Tuesday | ... | 2 | 9 | 16 | 23 | 30 |
| Wednesday | ... | 3 | 10 | 17 | 24 | 31 |
| Thursday | ... | 4 | 11 | 18 | 25 | |
| Friday | ... | 5 | 12 | 19 | 26 | |
| Saturday | ... | 6 | 13 | 20 | 27 | |
| Sunday | ... | 7 | 14 | 21 | 28 | |

APRIL.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

MAY.

| | | | | | | |
|-----------|-----|---|----|-----------|----|----|
| Saturday | ... | 1 | 8 | 15 | 22 | 29 |
| Sunday | ... | 2 | 9 | 16 | 23 | 30 |
| Monday | ... | 3 | 10 | 17 | 24 | 31 |
| Tuesday | ... | 4 | 11 | 18 | 25 | |
| Wednesday | ... | 5 | 12 | 19 | 26 | |
| Thursday | ... | 6 | 13 | 20 | 27 | |
| Friday | ... | 7 | 14 | 21 | 28 | |

JUNE.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Tuesday | ... | 1 | 8 | 15 | 22 | 29 |
| Wednesday | ... | 2 | 9 | 16 | 23 | 30 |
| Thursday | ... | 3 | 10 | 17 | 24 | |
| Friday | ... | 4 | 11 | 18 | 25 | |
| Saturday | ... | 5 | 12 | 19 | 26 | |
| Sunday | ... | 6 | 13 | 20 | 27 | |
| Monday | ... | 7 | 14 | 21 | 28 | |

JULY.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Thursday | ... | 1 | 8 | 15 | 22 | 29 |
| Friday | ... | 2 | 9 | 16 | 23 | 30 |
| Saturday | ... | 3 | 10 | 17 | 24 | 31 |
| Sunday | ... | 4 | 11 | 18 | 25 | |
| Monday | ... | 5 | 12 | 19 | 26 | |
| Tuesday | ... | 6 | 13 | 20 | 27 | |
| Wednesday | ... | 7 | 14 | 21 | 28 | |

AUGUST.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Sunday | ... | 1 | 8 | 15 | 22 | 29 |
| Monday | ... | 2 | 9 | 16 | 23 | 30 |
| Tuesday | ... | 3 | 10 | 17 | 24 | 31 |
| Wednesday | ... | 4 | 11 | 18 | 25 | |
| Thursday | ... | 5 | 12 | 19 | 26 | |
| Friday | ... | 6 | 13 | 20 | 27 | |
| Saturday | ... | 7 | 14 | 21 | 28 | |

SEPTEMBER.

| | | | | | | |
|-----------|-----|---|----|----|----|----|
| Wednesday | ... | 1 | 8 | 15 | 22 | 29 |
| Thursday | ... | 2 | 9 | 16 | 23 | 30 |
| Friday | ... | 3 | 10 | 17 | 24 | |
| Saturday | ... | 4 | 11 | 18 | 25 | |
| Sunday | ... | 5 | 12 | 19 | 26 | |
| Monday | ... | 6 | 13 | 20 | 27 | |
| Tuesday | ... | 7 | 14 | 21 | 28 | |

The Dates of Meetings are distinguished by *large black figures*

The Institute of Bankers,

2, ST. MICHAEL'S HOUSE,

CORNHILL, E.C.,

LONDON, *December, 1885.*

NOTICES TO MEMBERS.

MEETINGS

WILL BE HELD IN THE

THEATRE OF THE LONDON INSTITUTION,
FINSBURY CIRCUS, E.C.,

ON

| | | | |
|-----------------|--------------------|------------------|---------------|
| Wednesday, Dec. | 16th, 1885 | Wednesday, March | 17th, 1886 |
| " | January 20th, 1886 | " | April 21st, " |
| " | February 17th, " | " | May 19th, " |

The Annual General Meeting will be held on May 19th, previous to the Ordinary Meeting.

The time at which the chair will be taken will be announced previously to each meeting.

The Council have reason to believe that in the course of the Session the following Papers amongst others will be communicated to the Institute :—

"Banks and Bankers in Ireland,"

By MALCOLM DILLON, Esq., Member of the Institute.

"The Social Aspect of Banking,"

By Professor H. S. FOXWELL, Examiner in Political Economy to the Institute.

"The Laws Governing the Imperial Bank of Germany,"

By R. H. INGLIS PALGRAVE, Esq., F.R.S.

THE Ordinary Meetings of the Institute for the reading and discussion of Papers are held in the Theatre of the London Institution, Finsbury Circus, E.C., on the *third Wednesday* of the months October to May inclusive.

Notice of Meetings, Titles of Papers, and of the Dates assigned to them, will be given from time to time in the *Journal*, or by advertisement in the principal papers about one week before each meeting. Notice will also be sent to Fellows and Associates of the discussion of any *Questions on points of practical interest* at the above meetings.

Visitors may obtain a card of admission to the Ordinary Meetings on the presentation to the Secretary, at the Offices of the Institute, of an introduction from a Fellow or Associate. *This privilege may, however, under certain circumstances, have to be restricted.*

Members and others are invited to submit to the Council, for their approval, papers on any subjects of general interest to the Profession, with a view to such papers being read at one of the Ordinary Meetings of the Institute.

To enable the Council to carry into effect one of the primary objects of the Institute, viz., the discussion of matters of interest to the Profession, they invite Fellows and others to acquaint them, through the Secretary, with any *Questions on points of practical interest* which may from time to time arise, so that, should it be deemed advisable, due notice being given, such questions may be fully discussed at one of the Ordinary Meetings of the Institute, or answered through the *Journal* as the Council may determine.

If not out of print, *members* may obtain a *single* copy of each of the back numbers of the *Journal* at the reduced price of 1s. each. A few volumes bound in morocco, can be obtained at 15s. each volume.

The *Journal* is for the present published in eight consecutive months, namely, from December to the June following, with a further issue of one or two numbers during the Autumn. The date of publication is on or about the first day of the months named.

To ensure punctual delivery, Members are especially requested to inform the Secretary, without delay, of any change in their Addresses.

REFERENCE LIBRARY.

The Council desire to request the attention of Members to the following list of works, which, among others, are required in the Library:—

Economist. Volumes prior to 1856.
 Journal of the Statistical Society. Vols. prior to 1874.
 Except 1864, 1865, 1866.
 Early copies of the London Directory.
 The Annual Register.
 Hansard's Parliamentary Debates.
 Tooke's History of Prices.
 Lord Overstone's Select Tracts on Currency, &c.
 Ruding's Annals of the Coinage.
 Kenyon's Gold Coins of England.

The Council of the Institute of Bankers desire it to be distinctly understood, that Authors alone are responsible for the contents of their Papers, both as to matters of fact and of opinion, and, also, that the Institute accepts no responsibility for the opinions which may be expressed in the various discussions.

BY ORDER OF THE COUNCIL.

QUESTIONS ON BANKING PRACTICE.

From Vols. I., II., III., IV., and V. of the *Journal*.

2ND THOUSAND.

Copies of this work are still on sale, and can be procured at the
Offices of the Institute. Price to members, 1s. each.

ELECTIONS.

The following is a list of those elected at the October meeting of
the Council :—

FELLOWS.

| | |
|--------------------------|---|
| BENJAMIN ARKLE | Messrs. Leyland & Bullins, Liverpool. |
| SAMUEL JAMES BROWN | Messrs. Williams, Brown & Co., Leeds. . |
| ALFRED HOARE | Messrs. Hoare & Co., 37, Fleet Street, E.C. |

ASSOCIATES.

| | |
|---------------------------|---|
| ARTHUR JAMES DENNISTON . | Colonial Bank of New Zealand, Wanganui, N.Z. |
| WILLIAM JAMES NICOLLS ... | Standard Bank of South Africa, Queenstown, South Africa. |
| ALEX. RAYMOND ROTHNEY... | London and Westminster Bank, Lothbury. |
| CLEMENT TAYLOR | Union Bank of Manchester, Northwich. |
| WILLIAM I. TAYLOR..... | Australian Joint-Stock Bank, Wagga Wagga, N.S.W. |

ORDINARY MEMBERS.

| | |
|---------------------------|---|
| BERTRAND YORK BEVAN | Messrs. Barclay & Co., Lombard Street. |
| COSMO BEVAN | Messrs. Barclay & Co., Lombard Street. |
| WM. ALSAGER ELGOOD | British Linen Company Bank, Lombard Street. |
| WALSHAM WALTER WARD... | Nottingham and Notts Bank, Newark. |

This number completes Vol. VI. of the *Journal*, with the exception
of the List of Members, which will be issued with the January
number.

The Institute of Bankers.

J. HERBERT TRITTON, Esq., President, in the Chair.

SILVER AS A UNIVERSAL MEDIUM OF CURRENCY. (A PROPOSITION.)

By HENRY CHEVASSUS, Esq., Fellow of the Institute.

[Read before the Bankers' Institute, Wednesday, November 18, 1885.]



N the able inaugural address it was our privilege to listen to last month, your President mentioned the subject of silver. While forcibly pointing out to you the importance of the question and explaining the mode in which the present unstable position of silver affects England's trade with India, he was cautious to warn you against trusting to currency nostrums. He very pithily put it that Englishmen must trust, as heretofore, to their pluck and energy as the true means of making and keeping headway in trade.

May I be permitted to say how entirely I concur in and appreciate the soundness of these views?

I am not going, therefore, to recommend any currency nostrum with power to cure all the ills the commercial flesh is heir to; nor can I offer to inoculate the mercantile community with the virus of trade depression by way of "panacea" against the ravages of future outbreaks.

What I propose to do is to invite your attention to a fresh, and, as I think I shall be able to show you, a noteworthy improvement in the daily adjustment and transfer of indebtedness; an improvement destined, indeed, to operate in more immediate connection with the foreign trade of the country, but none the less of very considerable importance to the home trade; and an improvement, in either case, in entire harmony with the keen spirit of directness and economy that devised cheques, clearing, and telegraphic transfers.

The nature of the proposed improvement, and in what manner silver may be made available in effecting it: these are the objects of the present paper.

The proposition I am about to submit to you was first formulated by me in an essay which I published three years ago, and a copy of which will be found in the library of the Institute.* I am not, I need hardly say, going to be guilty of the impertinence of placing before you a mere rehash of former work. But it is as well, I think, that members who may be prompted by to-night's paper to look up my essay, should know beforehand in what degree the two are connected.

In the essay referred to, I went into the full theory of monetary standards of value in order to establish a firm foundation on which to rest my proposition for the use of silver as a medium of international currency.

To-night I shall give you no more theory than is inevitable in dealing with a question, the satisfactory solution of which mere empiricism must needs fail to accomplish. But I want you primarily to consider my proposition in an essentially practical light; and having this end in view I shall take care to show you that it is capable of being adopted without any disturbance of existing national currencies.

Let me tell you also, at the very outset, that my proposition does not rest on the free and unlimited minting of silver. I make this statement not because of any fear of being ranked as a bi-metallist, but simply because I wish to clear your minds of any particular bias or pre-conceived idea as to what my proposition may be.

I think I may safely postulate, also, that no one, either here or elsewhere, has any rooted and arbitrary antipathy to silver, or any irrational desire to see it driven out, and needlessly cast away, from the currencies of Europe, any more than from the currencies of the rest of the world. What has to be shown is that the objections to the use of silver which have brought about the disfavour under which it has laboured in Europe for some years past, are not due to any absolute intrinsic inferiority inherent to silver as compared with its companion precious metal, gold; and are capable, such as they are, of being entirely obviated.

First and foremost then, let us see what are those objections.

If some parts of our examination appear to take us over beaten ground or to appeal to familiar illustration it is because I think, as doubtless most of my listeners as bankers and practical men think with me, that the principles on which metallic currency should rest are best got at by carefully taking note of what it does for us day after day; of the uses we put it to, at home and in business.

* *L'étalon monétaire universel et la lutte de l'or et de l'argent*, par Henry Chevasus, London, 1883. See Pamphlets, Vol. III., Library of the Institute of Bankers.

Much of, if not all, the abstruseness and obscurity supposed by many to be unavoidable concomitants of any discussion on questions of currency, disappears if we follow this unassuming method, and do not take for granted the existence of abstract or insoluble elements fatally attaching to the very nature of currency.

The practical objections to the use of silver as currency may be considered under two heads :—

1. Cumbronsness in use, from the size and weight of the coins entailing the moving of heavy bulks of metal to effect payments in silver.

2. Over-production : the productiveness of silver mines being such as to result in an abnormal increase of metallic currency, if holders of silver bullion are left at liberty, like holders of gold bullion, to take it to the Mint and have it coined into legal tender to an unlimited amount.

As regards the first head of objection, it applies solely to cases—admitting the existence of such—where payments must be tendered in metallic currency absolutely, and in no otherwise. In the case, however, of payments and of all adjustments of accounts by means of bills of exchange, bank notes, cheques, telegraphic transfers, clearing, or mere book entries, the bulk and weight of the metal in coins of which the amounts would have to be tendered, if the payment or adjustment of account required an actual transfer of metallic currency, does not enter into consideration at all. In such cases, no metal whatever does require to be moved ; and consequently, as far as this bare aspect of the question is concerned, neither gold nor silver can be said to offer any special advantage. Indeed, as a matter of hard practical fact, business men in the City of London would be very sorry to be compelled to receive amounts due to them actually in the form of gold, that is, in the metal itself. No one having to encash a cheque or a bill of exchange for £1,869 would care to have tendered to him 40 lbs. troy of standard gold, this being the weight of 1869 gold sovereigns. I do not mean to say that anybody would be any better pleased to have to receive $15\frac{1}{2}$ times that weight in silver (the Latin Union ratio between gold and silver) in the shape of 7,476 five-shilling pieces. The point I want to bring out prominently, as it will be found to govern the whole position, is that we have arrived at a stage of monetary development when the actual moving of metal, *whether gold or silver*, and even in comparatively small bulks, in order to effect payments, is objected to, has become antiquated, and yields preference, more and more, to the use of an increasing variety of paper vouchers or documents. Now, evidently, the moment this stage of development is reached, the mere comparative bulk of the precious metals those vouchers or documents represent, ceases to be a factor of any paramount influence.

To what extent this stage of development has spread is very forcibly evidenced by the following statement copied from the *New York Commercial and Financial Chronicle* of April 11th, 1885 :—

I.

| Year. | London Clearings.* | New York Clearings. | Year. | London Clearings. | New York Clearings. |
|-------|--------------------|---------------------|-------|-------------------|---------------------|
| 1884 | \$27,716,284,200 | \$30,985,871,165 | 1879 | \$23,104,286,920 | \$29,235,673,829 |
| 1883 | 28,697,105,360 | 37,434,300,372 | 1878 | 23,599,893,240 | 19,358,671,307 |
| 1882 | 30,110,637,440 | 46,916,955,031 | 1877 | 22,773,831,080 | 21,285,278,472 |
| 1881 | 30,768,213,960 | 49,376,882,883 | 1876 | 24,101,045,040 | 19,584,393,198 |
| 1880 | 27,673,793,840 | 33,614,443,223 | 1875 | 27,330,042,520 | 22,475,359,339 |

* The £ sterling calculated at \$4.84—

II.

| Kinds of Money received by Banks. | Coin. | Notes. | Cheques. |
|---|-----------|-----------|-----------|
| GREAT BRITAIN (1851). | Per cent. | Per cent. | Per cent. |
| London | 728 | 2039 | 97233 |
| The Metropolitan Area | 25218 | 11022 | 63760 |
| Country Banks (in 261 places) | 15200 | 11940 | 72860 |
| Towns (excluding Agricultural places) ... | 17310 | 14470 | 68220 |
| UNITED STATES (SEPT. 1881). | | | |
| New York City | 55 | 65 | 9880 |
| Other Reserve Cities | 204 | 561 | 9235 |
| Banks elsewhere | 399 | 1427 | 8174 |
| Total in United States | 155 | 436 | 9409 |

This statement will not come either as a surprise or as a novelty to any of you, knowing as you do, what enormous totals are every day adjusted in the London Clearing House. It will the less do so that the figures referring to England were actually prepared some years ago for this Institute by Mr. Pownall. It requires the addition of no comment on my part, and I quote it simply as being the best possible demonstration of the small importance of the part played by the actual transfer of hard metallic cash in the settling of *business* transactions.

I might, of course, be at once told here that the conclusion to be drawn from what precedes is against the extended use of the precious metals, and not in favour of it. This argument will receive due attention later on. For the present, having ascertained that the objection as to cumbrousness applies to gold as well as to silver in by far the greater proportion of transactions; or, rather, that it has ceased to apply to either from disuser of both; what we have to examine next is to what extent, if any, the objection applies to silver

rather than to gold, in cases where the actual transfer of coin or bullion still does habitually take place.

Under these come—

I.—The current petty disbursements of households and the till money of tradespeople.

II.—The purse money of individuals.

III.—The payment of wages and certain salaries.

IV.—The till money of bankers.

V.—The movements of bullion and coin in connection with the foreign exchanges.

We shall leave No. 5 to be inquired into later on. With regard to No. 4—the till money of bankers—it is obvious enough that while bankers unhesitatingly give the preference to methods of account that do not involve the manipulation of large masses of coin, yet they are, to some extent, helpless in the matter, and the composition of their till money must necessarily reflect, in a large measure, the habits of trade and the domestic customs as to payments in their individual districts. Their common as well as their chief and immediate interest in the nature of the currency used by their customers, is, therefore, that it shall be a genuine currency, and not liable to serious deterioration by wear and tear: as witness the case of light weight sovereigns and half sovereigns, which has so largely and so justly engaged the attention of this Institute.

Nos. 1, 2, and 3 may for our purpose be taken together. As far as they are concerned, the argument as to cumbrousness will be best considered jointly with a brief statement of the one or two principal suggestions that have been put forward to regulate the proportions in which gold and silver should come into use in these cases. We shall thus at the same time see how far these suggestions would or would not tally with the irresistible tendency of every day working practice.

It has been proposed, in order to relieve any actual or possible undue pressure on stocks of gold, that a kind of international silver dollar, nominally a four shilling piece, be adopted. It has also been proposed, in Germany, for example, that gold coins of small denominations, such as five-mark and even ten-mark pieces, be withdrawn from circulation, to make way for silver; and for a like reason to do away with small notes. I have, moreover, heard it laid down generally, that the true function of silver is to effect small payments, while to gold naturally falls the function of effecting large ones, and of adjusting international balances.

That a four shilling silver coin should be looked upon as capable of being put into circulation to any effective purpose, in England at any rate, appears to me to be an entire illusion. Having already seen that, for current transactions, business men will not even use gold, on what conceivable ground four shilling pieces could be expected to be otherwise than absolutely useless to commerce, I fail to imagine.

As to the general statement that the true function of silver is to effect small payments, while to gold naturally falls the function of effecting large ones, let us examine it somewhat fully, as the theory therein propounded lies at the root of the matter ; and meets, moreover, with an amount of silent acquiescence the more surprising that it wholly fails to resist investigation. As a statement of a natural law of metallic currency, and, therefore, of a law to which one needs must conform in the division of labour as between gold and silver, it rests on no solid economic, or other foundation. This may very easily be shown.

In the first place, so broad a classification of payments as results from bringing all payments under one of two categories only—"small payments" and "large payments"—is quite inadequate as a guide to the uses of gold and silver as currency. What is a large payment ? Is £10 a large or small payment ? Is £2 a small payment ? Is £250 a large one ? If £250 is a large payment, would any one, in the receipt of an income of £1,000 a year, payable quarterly, like to receive 250 sovereigns in gold, every three months, on the ground that it is the natural function of gold currency to effect such payments ? I don't think I need stop to examine the alternative supposition, that £250 is a small payment, and therefore to be encashed in the form of 1,250 four-shilling silver pieces. I think there is not much doubt that what the recipient prefers to get is neither gold nor silver, but simply a cheque, which he pays in at his own bankers', drawing other cheques against it. Would a clerk in the City, in the receipt of £10 or £15 a month, like to receive his salary wholly in silver, on the ground that it is a small payment, which it is the natural function of silver to effect ? As a matter of common practice, does he not frequently leave the monthly stipend, or some portion of it, with his principals : to draw it out subsequently in small instalments in gold ? A skilled artisan, earning £2 or £3 a week, may like to receive £1 in silver out of the two or three ; but he would, oftener than not, object to receive the whole of it in silver, if gold was at hand in sovereigns and half-sovereigns.

Would any one, who had entertained a friend at his club, and had, perhaps, spent a couple of sovereigns, be prepared, if he tendered a £5 note, to take his change, £3, in silver ? How would a lady, going out afternoon-shopping, like to have to provide herself with 20 or 30 four-shilling silver pieces, or even with a couple of dozen of good old-fashioned five-shilling pieces ? How would her modern dainty purse accommodate such currency ? Who, in fact, when changing even one single sovereign, does not give the preference to half-a-sovereign in the change, instead of all silver ?

I might multiply and vary these examples to any extent necessary, if those we have just seen did not already cover pretty nearly every aspect of the daily social and domestic uses of metallic currency. I think they are sufficient to establish that experience shows :—

1. As regards silver : that most of us do not care to hold—to actually carry about our persons—more of it at a time than is necessary, either to pay for such petty purchases as do not amount in value to that of the smallest gold coin current, or to make up the odd money of somewhat larger disbursements for which gold coins, to the nearest possible point, are used in preference to silver.
2. As regards gold : that most of us again do not care habitually to hold more of it than will suffice to meet the pocket wants of one or two, perhaps three or four, ordinary working days.
3. That from the moment we get beyond these limits, paper, in the form of bank notes or cheques, has the preference over both gold and silver.

If the above be true, I believe I am dispensed with any lengthier examination of proposals for forcing silver coins into actual hand-to-hand circulation.

I might, however, here be checked, once more, with the remark that the whole course of my argument tends to establish the objection to silver currency, on the ground of cumbrousness in use. But my argument has, so far, in no wise been intended as a denial of the truth of the assertion that cumbrousness is an objection. What it has been specially addressed to has been to investigate the practical manifestations of the objection ; but it has also been intended to demonstrate what has hitherto been almost constantly overlooked in this connection, although the facts that prove it are, as we have seen, within everybody's daily experience, viz., that gold labours under the same objection to *practically* the same extent as silver.

Why, then, I may be told, should I think it necessary to go on using gold and silver money at all ? And how do I propose to bring silver into use as a universal medium of currency ?

That the precious metals should continue to fulfil the functions of currency is not merely necessary, it is quite indispensable. While, on the one hand, the continuous use and circulation of gold and silver, their constant handling and material transfer, are steadily yielding more and more ground to improved methods of adjusting accounts, the reverse is the case with the one other cardinal function of currency which the physical characteristics of the precious metals enable them to fulfil with a degree of effectiveness unattainable by any other commodity. This function is one the pressure of which we are constantly feeling ; the importance of which no one has ever seriously challenged ; and yet one which, strangely enough, is being continually lost sight of in discussions as to the use of metallic currency.

And yet no financial ingenuity, no highly wrought machinery of credit, no pledge of any State however powerful, no mere paper security, no voucher for commodities more or less perishable and subject to rapid fluctuations of market value, can dispense with the

necessity for the existence of some ready security which all may in turn tender or accept in discharge of indebtedness, when they would refuse all else. Why was the Bank rate kept up last Spring when there was no trade demand for money; why was a gold reserve allowed to accumulate to nineteen millions sterling, and more, that had not so long before been allowed to drop to nine? Because it was felt that a strain might shortly be put upon the national resources; and that gold might be wanted to make England's power effective where mere pledges of credit might be of no avail.*

Or, turning from imperial to purely commercial considerations, take yet another view of the bank reserve. All the London clearing goes through the Bank of England; bankers' balances are held there; the reserve is their security. But habitually bankers do not require or wish to move so much as one sovereign of that reserve, in order to clear some £25,000,000 a day (£80,000,000 was once actually cleared in one day only); nor would they require to move one to clear ten times £25,000,000. Let the reserve fall to £4,000,000 however, or to £3,000,000, as it did in 1866, most intense alarm is manifested; exceptional measures and State intervention are called for, until the reserve has had time to recover. As soon as it rises again, the sense of confidence revives. I have quoted in a foot-note the letter of May 11th, 1866, in which Ministers responded to the appeal made to them at that time by the commercial and banking community of the City of London.† The importance

* It will be obvious that the principle involved in the above remark applies to both the precious metals, and receives illustration whether England sends gold to Egypt for military purposes, whether France ships silver to Tonquin, or whether the India Council abstains from drawing on the Presidencies in order to leave rupees available on the north-west frontier.

† "To the Governor and Deputy-Governor "Downing Street, May 11th, 1866.
"of the Bank of England.

"GENTLEMEN,

"We have the honour to acknowledge the receipt of your letter of this day to the Chancellor of the Exchequer, in which you state the course of action at the Bank of England under the circumstances of sudden anxiety which have arisen since the stoppage of Messrs. Overend, Gurney and Co. (Limited) yesterday.

"We learn with regret that the bank reserve, which stood so recently as last night at a sum of about five millions and three-quarters, has been reduced in a single day, by the liberal answer of the bank to the demands of commerce during the hours of business, and by its just anxiety to avert disaster, to little more than one-half of that amount, or a sum (actual for London, and estimated for the branches) not greatly exceeding three millions. The accounts and representations, which have reached Her Majesty's Government during the day, exhibit the state of things in the City as one of extraordinary distress and apprehension. Indeed, deputations, composed of persons of the greatest weight and influence, and representing alike the private and joint stock banks of London, have presented themselves in Downing Street, and have urged with unanimity and with earnestness the necessity of some intervention on the part of the State to allay the anxiety which prevails, and which appears to have amounted, through great part of the day, to absolute panic.

attached to maintaining an adequate basis in precious metal for currency cannot well be more tersely shown than did the circumstances recorded in that letter.

Apart from a special experience like that of 1866, have we not also daily and weekly evidence of the solicitude with which the course of the Bank's metallic reverse is watched, and of the pressure of opinion put upon the Bank authorities whenever the stock of precious metal is treasured upon by foreign demands?

If we come down to detail, and seek for individual illustration of the dependence placed upon metallic currency as the ultimate guarantee for transactions, we find that whenever speculative frenzy comes to a crisis, or continued trade depression tends to discredit weak houses, men of business at once become more wary in accepting mere paper vouchers for payment. You may look at a man's cheque twice, at such times, if you are the holder of bills of lading or other valuable documents to be delivered to him against cash, and perhaps you may refuse it for the looking. You may require a wide margin on the securities he tenders as cover for overdrafts, or you may even think they are no security whatever, however elegantly the draughtsman or engraver may have adorned them, and however glowingly their wording may describe the property they claim to represent, or the revenues affected to their redemption. But if a man, be his business standing never so critical, tenders gold, no questions are asked. Not that you require his gold for your own purposes: the next thing you will do will be to pay it into the bank; but while your want of sufficient confidence in his ultimate solvency more than outbalances any mechanical convenience his paper might offer, you take his gold freely because as it passes from his hands to yours the ultimate security itself comes into your possession. His gold you can pay away at once in final discharge of liabilities of your own. On the other hand, your endorsement on his paper represents to others primarily the pledging of your own credit,

"There are some important points in which the present crisis differs from those of 1847 and 1857. Those periods were periods of mercantile distress, but the vital consideration of banking credit does not appear to have been involved in them as it is in the present crisis. Again, the course of affairs was then comparatively slow and measured, whereas *the shock has in this instance arrived with an intense rapidity*, and the opportunity for deliberation is narrowed in proportion. Lastly, *the reserve of the Bank of England has suffered a diminution without precedent relatively to the time in which it has been brought about, and, in view especially of this circumstance, Her Majesty's Government cannot doubt that it is their duty to adopt without delay the measures which seem to them best calculated to compose the public mind, and to avert the calamities which may threaten trade and industry.*"

The writer of this paper is responsible for the italics.

The letter bears the signatures of the Prime Minister and of the Chancellor of the Exchequer (Earl Russell and Mr. Gladstone). It winds up by giving the Bank contingent authority for an over issue of notes subject to a minimum interest and discount rate of 10 per cent. per annum.

which they may be disposed to trust to, even though the ultimate recourse to him may be worthless, and fail to secure you in the end.

Now, while the necessity for the actual moving of the precious metals is a factor in their utility as currency, the relative importance of which is subject, as we have seen, to a decreasing ratio, it is quite otherwise with their function as the effective medium or ultimate guarantee in the settlement of exchanges, home or foreign.—I am here using the word exchanges in the widest sense as applying to any kind of transaction involving direct or indirect indebtedness, immediate or deferred, between individuals or nations.

This function increases in importance or bulk continuously with the development and augmenting mass of mobilised wealth in its multifarious modern forms, and with the growth of foreign trade and international intercourse generally. It increases in importance with the greater material prosperity of the individuals of a nation; with the greater command they acquire thereby over the precious metals, and the consequent greater variety, frequency, and volume of their personal expenditure. It increases in importance with the continually larger movements of crops from the producing to the consuming centres, and with the ever greater, oftener recurring, and more sudden displacement of masses of stock from the hands of one set of speculators to those of the speculators of another country. Nor do improved methods of banking, and the spreading use of paper vouchers, arrest this function. They do but liberate a certain percentage of the precious metals from the service of the function of circulation, thus enabling it to be devoted to that of guarantee; beyond this they have a limit, that of universal use—already achieved, as far as the City of London is concerned. That limit once reached, the function of active and actual circulation may, for present purposes, be considered to have lapsed; that of being an ultimate guarantee acquires only the greater potentiality, as it then receives the full impulse, and feels the entire force of the development of trade, and of human activity and wealth.

The question, then, now becomes: Is silver less fitted than its fellow precious metal, gold, to fulfil this function of ultimate guarantee? This interrogation at once brings up the answer to the inquiry which forms our subject matter, "the use of silver as a universal medium of currency." It supplies, also, an opportunity for explaining why I have not yet dealt with the objection as to cumbrousness in as far as it applies to the movements of bullion and coin from one country to another. I have not yet done so, simply because my proposition is itself an answer to the objection as considered in this particular connection. The objection to the use of silver under the head of "Over-production," I propose to postpone for such brief examination as will suffice for the object of this paper, until I have made my proposition clear to you.

I will also further remark that having already stated that the

objections to the use of silver practically range under two heads, I might hold myself dispensed from seeking for any possible additional heads which might be brought forward. But in order to stand on absolutely firm ground I will remind you that as far as the purely physical characteristics of the precious metals are concerned, gold and silver offer no ascertainable advantage one over the other as regards their use as currency. Both, while readily fusible, require high artificial temperatures to melt them ; both are divisible at will into aliquot parts ; both may be alloyed to the necessary degree of malleability and toughness ; both are practically unassailable by the ordinary ambient influences of other elements, as witness the coins that have remained buried for centuries beneath the ruins of vanished empires and yet preserved for us the features of their rulers.* The one serious cause of deterioration to which both are subject is in the wear and tear attendant upon the actual hand-to-hand circulation of gold and silver coins.

This cause, however, is entirely obviated in my proposition, since I do not propose that silver shall circulate at all.

How, then, do I propose that it shall do duty as a medium of international currency ?

Jean Baptiste Say, the great French economist, thus expresses himself :—

“What is a piastre, a ducat, a florin, a £ sterling, a franc? Is “it possible to see in all these anything other than morsels of gold and “silver having a certain weight and standard fineness? If it is not “possible to see in these anything other, why should we give these “ingots another name than that which designates their nature and “their weight? . . . Why should not a piece of silver of a weight “of five grammes be called by its true name. . . . Why should we “not call it simply five grammes of silver?”†

* None of the chemical affinities, and one only of the physical characteristics of gold and silver, show any difference calling for special note in connection with their functions as currency. The one exception is specific gravity ; that of gold being 19·3, that of silver 10·58. The high density of gold is a drawback rather than an advantage. Were the relative positions of the two metals in that respect reversed, sovereigns could be made of a slightly increased diameter and somewhat greater thickness, and as the wear of the coin is proportionate to the surface, the “life” of the coin would be greatly augmented. Five-franc gold pieces had to be withdrawn because the thinness of the coin and the consequent high ratio of surface to weight, resulted in a most wasteful rapidity of mechanical wear. The same objection applies to 5-mark gold pieces.

As regards silver, the comparatively low density is an advantage as far as shillings, sixpences, and threepenny-pieces are concerned, as it enables a sufficient size to be given to these coins. When we reach half-crowns and five-shilling pieces the advantage disappears and becomes a drawback in the handling of even a moderate number.

† Jean Baptiste Say, “*Economie Politique*,” chap. xxix. *Ce que devraient être les monnaies.*

In like manner, I do not propose that the fundamental unit nor the unit of account of the contemplated silver currency shall be a piastre, a ducat, a florin, a £ sterling, a reichsmark, a dollar, or a franc. The primary unit of the new silver currency shall be,

"ONE KILOGRAMME OF SILVER, NINE-TENTHS FINE."

To that primary unit may be referred, as we shall presently see, the standard coins of all nations, and without any need for disturbance of their component parts or denominations.

Premising that, notwithstanding the number of clauses under which my proposition ranges—and their apparent length—the system they embody is simplicity itself, as will be fully seen when we come to examine practical examples of its working, the following is the proposed scheme of international silver currency.

1. There shall be called into existence a new form of silver currency to be legal tender to any amount equally with gold in all the countries that shall have signed a treaty to that effect.
2. The fundamental unit of the new currency shall be one kilogramme of silver nine-tenths fine, that is, containing 900 grammes fine silver and 100 grammes copper. This shall also be the unit of account of the new currency.
3. The legal fixed ratio between the new currency and the existing legal tender gold coins of the countries parties to the treaty, shall be based on the weight of fine gold contained in the said coins, in such manner that nine-tenths of a kilogramme of such fine gold shall be of equal legal tender value, with $15\frac{1}{2}$ kilogrammes of silver, nine-tenths fine, of the new currency.
4. The new currency shall be coined in the form of bars of silver, of which the primary unit shall be a bar of the weight of one kilogramme. Fractions of the unit, as well as multiples of the same, shall be coined as follows : *

| Bars of $\frac{1}{10}$ of a kilogramme, or 25 grammes. | | | |
|--|-----------------|------------|--------|
| " | $\frac{1}{10}$ | " | 50 |
| " | $\frac{1}{5}$ | " | 100 |
| " | $\frac{2}{5}$ | " | 125 |
| " | $\frac{3}{5}$ | " | 250 |
| " | $\frac{4}{5}$ | " | 500 |
| THE UNIT ITSELF | 1 | KILOGRAMME | 1,000 |
| " | $2\frac{1}{2}$ | " | 2,500 |
| " | 5 | " | 5,000 |
| " | 10 | " | 10,000 |
| " | $12\frac{1}{2}$ | " | 12,500 |
| " | 25 | " | 25,000 |

* The kilogramme, in the metric system of weights, is 1,000 grammes, and is equivalent to $32\frac{1687}{10000}$ ounces troy weight.

Each individual bar shall bear :

1. A distinctive individual number.
 2. The full indication of its weight and standard fineness.
 3. The stamp of a duly appointed assayer and refiner.
 4. A distinguishing Mint mark and date of issue.
 5. The special international treaty mark.
5. The coining, issuing and controlling of international silver bars shall be a monopoly of the Governments of the countries parties to the treaty, and shall be vested by each of the said Governments in a Comptroller-General of international silver issues, empowered to act in its behalf.
6. A permanent international commission shall be formed, to which shall be appointed :—
1. The Governor of the Bank of England.
 2. " " France.
 3. " " Reichsbank of Germany.
 4. The Comptroller of the currency in the United States.
 5. The Master of the Mint of each country.
 6. A delegate of the Minister of Finance of each country.
 7. A special delegate of each country.
- This permanent commission shall meet at least once a year, in sufficient time to, before the 30th of June in each year :—
1. Hear and consider reports from the respective Comptrollers-General.
 2. Assess the maximum weight, in kilogrammes of the new currency, that the Governments of each country shall be permitted to issue during the following millesimal year, over and above the quantities previously authorised to be issued.
7. The Comptrollers-General shall be empowered, each one in behalf of his own Government :—
1. To buy silver bullion at the market price, for the purposes of the treaty.
 2. To make arrangements and to open an account, each one respectively, with the Bank of England, the Bank of France, the Reichsbank in Germany, the United States Treasury, or such similar public body in each of any other countries party to the treaty as may be agreed upon, for the purpose of storing international silver bars and otherwise carrying out the treaty.
8. For each bar coined under the operation of the treaty, the Comptroller-General of the issuing country shall issue a warrant bearing all and the same indications as the bar itself. For each individual bar coined, there shall thus be called into existence one single individual and corresponding warrant. The

Comptroller-General shall be empowered to issue these warrants to the public against tender of their face value in gold, at the treaty ratio, as appointed under clause 8.

This individualisation of each bar and of its corresponding warrant is an essential feature of the scheme: the creation of a warrant for each individual bar being solely a device to enable the property in specific portions of the precious metals to pass from one holder to another, while dispensing with bodily transfer of the metal itself.

9. Any holder of any one of these warrants shall be at liberty to demand of any one of the Comptrollers-General the transfer of the corresponding bar, from the custody of the Comptroller-General named in the warrant, as having at the time such custody of the bar to that of any other one of the Comptrollers-General. A fixed fee shall be charged for making the transfer. The transfer shall be endorsed on the respective warrant, which must then, within an appointed delay, be exchanged for a new one, to be issued by the Comptroller-General into whose custody the corresponding bar shall have passed. Every warrant thus exchanged for a new one shall be cancelled.
- Any holder of any one of these warrants shall be at liberty to demand of any one of the Comptrollers-General, on tendering the said warrant to him, that the Comptroller shall telegraph to any one of the other Comptrollers-General the fact of such transfer. Any duly authenticated consignee of the tenderer shall then be deemed the holder of the warrant. Any such consignee shall, however, be at liberty to accept of the Comptroller to whom the transfer has been telegraphed, in lieu of the individual warrant transferred, a warrant of the same denomination. The cost of telegraphing, and a small transfer fee, to be paid by the tenderer.
- Any holder of any one of these warrants may, on giving up the said warrant to the Comptroller-General into whose custody the respective bar may then be, request the Comptroller to deliver the said bar to him. The 1st and 5th marks on the bar—(1) distinctive number (5) special treaty mark—shall first be obliterated and the warrant cancelled. None of the Comptrollers shall be at liberty thereafter to receive the said bar except at the market price of silver bullion, nor shall they be compelled to receive it at such price.
10. While the treaty remains in force the Bank of England, the Bank of France, the Reichsbank of Germany, the United States Treasury, and such other public bodies as are contemplated in clause 7, shall receive, at the request of any holder of any international silver warrant, the warrant ten-

dered ; and shall, in exchange, give full legal tender standard gold coins of the respective countries at the treaty ratio as appointed in clause 3.

11. The Comptrollers-General shall publish weekly a statement, showing—
 1. Total issue to date of international silver warrants for their respective countries.
 2. All movements of silver warrants or bars in or out of their respective offices during the foregoing week.The public bodies referred to in the foregoing clause shall also publish a weekly statement of the movements of silver warrants into or out of their hands.
12. Every country party to the treaty shall, on expiry of the treaty, be responsible for the redemption in gold, at the treaty ratio as appointed in clause 3, of all international silver bars coined by itself under the operation of the treaty.

We will at once consider a few practical examples of the utilisation of international silver warrants. I will, however, detain you one moment before doing so, in order to call your attention to the two appendices next following. If you will kindly open and look at the first one whilst I read the next few paragraphs you will better see its object.

**Parities of ONE KILOGRAMME of Silver Nine-tenths fine, in
One kilogramme of fine gold being taken as**

| WARRANTS. Distin- guishing letter. | KILOGRAMME, and fractions and mul- tiples of the same. | Weight in Grammes 1 kilogramme = 1,000 grammes. | LATIN UNION. Francs. | UNITED KINGDOM. | |
|---------------------------------------|--|---|-----------------------------|---|------------------|
| | | | | £ sterling, with the odd shillings and pence expressed in decimals of a £. | £ s. d. |
| <i>b</i> | $\frac{1}{40}$ | 25 | 5'00 | 0.198243 | 0 3 11½ |
| <i>c</i> | $\frac{1}{20}$ | 50 | 10'00 | 0.396486 | 0 7 11 |
| <i>d</i> | $\frac{1}{10}$ | 100 | 20'00 | 0.792972 | 0 15 10½ |
| <i>e</i> | $\frac{1}{5}$ | 125 | 25'00 | 0.991215 | 0 19 9¾ |
| <i>f</i> | $\frac{1}{4}$ | 250 | 50'00 | 1.98243 | 1 19 7¾ |
| <i>g</i> | $\frac{1}{2}$ | 500 | 100'00 | 3.96486 | 3 19 3½ |
| A | 1 | 1,000 | 200'00 | 7.92972 | 7 18 7 |
| B | 2½ | 2,500 | 500'00 | 19.8243 | 19 16 5¾ |
| C | 5 | 5,000 | 1,000'00 | 39.6486 | 39 12 11½ |
| D | 10 | 10,000 | 2,000'00 | 79.2972 | 79 5 11½ |
| E | 12½ | 12,500 | 2,500'00 | 99.1215 | 99 2 5 |
| F | 25 | 25,000 | 5,000'00 | 198.243 | 198 4 10½ |
| 1 | 2 | 3 | 4 | 5 | |

* The ratio of 15½ to 1 has been adopted mainly in conformity with the guiding principle of the proposition expounded in the paper, viz., the absence of interference with the existing order of things. It is practically unimportant to nations not possessed of an unlimited legal tender silver currency, what ratio is adopted; while to nations having still such a currency—the Latin Union and Germany to wit—the adoption of another ratio would be a source of inconvenience to no purpose.

**Legal Tender Gold Monies of the Countries enumerated,
worth 15½ kilogrammes of fine silver.* *Vide* Appendix.**

| GERMAN EMPIRE. | UNITED STATES. | BRITISH INDIA.† | SCANDINAVIAN UNION. | HOLLAND. |
|-------------------|-------------------|--------------------|------------------------|--------------|
| Reichsmarks. | Dollars. | Rupees. | Kronen. | Florins. |
| 4.05 | 0.964 | 2.104 | 8.60 | 2.40 |
| 8.10 | 1.929 | 4.208 | 7.20 | 4.80 |
| 16.20 | 3.859 | 8.417 | 14.40 | 9.60 |
| 20.25 | 4.823 | 10.522 | 18.00 | 12.00 |
| 40.50 | 9.647 | 21.044 | 36.00 | 24.00 |
| 81.00 | 19.295 | 42.088 | 72.00 | 48.00 |
| 162.00 | 38.590 | 84.176 | 144.00 | 96.00 |
| 405.00 | 96.476 | 210.440 | 360.00 | 240.01 |
| 810.00 | 192.952 | 420.881 | 720.00 | 480.03 |
| 1,620.00 | 385.904 | 841.763 | 1,440.00 | 960.06 |
| 2,025.00 | 482.381 | 1,052.204 | 1,800.00 | 1,200.07 |
| 4,050.00 | 964.762 | 2,104.409 | 3,600.00 | 2,400.15 |
| 6 | 7 | 8 | 9 | 10 |

† There is no legal tender gold money in British India. The parity in this instance must be taken as expressing the value of one kilogramme of silver, nine-tenths fine, in terms of silver rupees.

It is a table of "parities of one kilogramme of silver nine-tenths fine in legal tender gold monies of the countries enumerated, one kilogramme of fine gold being taken as worth $15\frac{1}{2}$ kilogrammes of fine silver."

You will see that the columns of the table are numbered at the bottom from 1 to 10. Column 1 gives the distinctive letter appertaining to bars of silver of each denomination, from A, *the fundamental unit, viz., one kilogramme of silver*, to B, C, D, E, F, multiples of A, as well as *b, c, d, e, f, g*, fractions of the same.

Column 2 shows the weight of a bar of silver of each denomination in terms of the kilogramme.

Column 3—the same in grammes (1,000 grammes=1 kilogramme).

Columns 4–10—the parities for each country respectively, as enumerated.

The whole table is practically contained in the thickly printed line referring to warrant A, which may be read thus:—

**"SILVER WARRANT A, ONE KILOGRAMME, OR 1,000 GRAMMES
OF SILVER,"**

"equal in gold to 200 francs in the Latin union; £7·92972, or £7 18s. 7d. in the United Kingdom; 162 Reichsmarks in the German Empire; 38 dollars 59 cents. in the United States of America; 84·176 rupees (silver) in India; 144 kronen in the Scandinavian monetary union (Denmark, Sweden, and Norway); 96 florins in Holland."

The lines above, or below, A contain mere divisions or multiplications of A.

It should be noted that *b, c, d, e, f*, are decimals (100ths) of B, C, D, E, F; every warrant of any denomination, being, indeed, also, either a decimal or a multiple by ten of some one other denomination.

Lastly, it will be remarked that, having under "United Kingdom" given £ sterling *decimalised* as well as in the ordinary form of £ *s. d.*, each successive decimal in any one warrant becomes an integral £ in some other warrant. Thus, £0·198243 in warrant "*b*" becomes successively £1·98243 in warrant "*f*"; £19·8243 in warrant B; and £198·243 in warrant F; while a thousand warrants F would be £198,243 every decimal having become a whole £. This has some practical importance as showing that the fact of English currency not being as yet a decimal currency is no obstacle under the international silver warrant system.*

The other one of the two appendices is a model of a silver warrant (silver warrant A). It speaks for itself and need not detain us.

* I have given, as an appendix at the end of this paper, two notes in further explanation of the Table of Parities. One note (note A) goes into particulars of the method of calculating the parities. The other note (note B) contains all data as to weight and fineness of the currencies referred to in the table.

INTERNATIONAL SILVER WARRANT.

A.

Treaty of _____ of _____ 1885.



On presentation I will deliver to bearer the bar of silver at present in my custody, and bearing the following marks:

"No. _____"

"ONE KILOGRAMME SILVER, NINE-TENTHS FINE."

"Assayer's Mark."

"Mint Mark."

"International Mark."

NOTE.—The transfer of this Warrant or of the respective bar, from one issuing country to another may be effected at the Office of the Comptroller-General of any country party to the treaty.

See also other face of this Warrant.

N _____

Comptroller-General of International Issues or,
say, Great Britain and Ireland.

INTERNATIONAL SILVER WARRANT, A. No. _____ of which particulars on other face hereof.

On presentation, the establishments mentioned below will please exchange this Warrant for the amount inscribed against their respective names :

| | |
|------------------------------|--------------------------|
| Bank of England | £7-929 ... (£7 18s. 7d.) |
| " France | Fr. 200-00 |
| Reichsbank of Germany | Rms. 162-00 |
| United States Treasury | Dols. 88-59 ... |
| Other countries | |

N _____
Comptroller-General, etc.

| To be signed on delivery of the bar described on other face hereof. | | To be signed on exchanging this Warrant for a new one. | |
|---|-------------|--|--|
| Received : | Exchanged : | | |
| Signature | Signature | | |
| Address | Address | | |
| Date | Date | | |

The signing of either of these receipts cancels this warrant.

We now come to examples of the practical utilisation of silver warrants. Take first and foremost the movements of bullion in connection with the foreign exchanges. This, it will be recollected, was the one head which I left over for consideration out of the five into which I sub-divided the general head "Cumbrousness in use."

Import and export movements of bullion and specie are at present chiefly undertaken by a few banking and arbitrage firms, some of whom are possessed of special organizations for this class of operations.

Supposing one or any of those firms, or their agents in New York, as they watch the market and the courses of the exchanges, to have arrived at the conclusion that the right moment is at hand for shipments of bullion. The exchange on London, Paris, or Berlin, we will say, moves in New York with some persistency against these centres. It is then decided to take gold across the Atlantic. According to the particular operation in view, and to the more or less firm state of the exchange, £50,000, £100,000, or £200,000 may be sent from London; from Paris a couple of million francs or more; from Berlin some corresponding amount in reichsmarks.

Under the present system of movements of bullion the decision as to making shipments or not has to take into account both the immediately proximate possible reversal of the course of the exchange or of the motives for making the shipment, and also the possible reversal while the remittance is afloat. It has to take into account loss of interest during the journey; incidental expenses and eventual Mint delays on reaching destination. If instead of bar gold, it be desired to ship coins of a particular denomination, wear and tear of the coins in handling the remittance is some consideration. There may also be a difficulty in getting them in the market of full weight and in sufficient quantity; or the establishments holding them may put up their price for them. Moreover, it is obvious that while the remittance is afloat, the bullion or specie of which it is composed, is withdrawn from immediate command: the operation cannot be reversed until a port is reached, and then only at a renewal of the cost of having carried it thus far, and subject to a further loss of interest, fresh delays, and minor drawbacks.

Under the international silver warrant system, shipments of bullion and specie might be wholly dispensed with and replaced by the telegraphic transfer of any desired amount in kilogrammes of silver. We will still suppose £ sterling, francs, or reichsmarks, unfavourably quoted in New York. In lieu of a shipment of gold, any one wishing to effect a remittance to New York might tender, say at the Comptroller's office in London, silver warrants for 25,000 kilogrammes (roughly £200,000) and have them transferred telegraphically to the Comptroller's office in New York, on paying cost of wiring and, perhaps, a small stamp fee of $\frac{1}{16}$ per mil. (2s. for £1,000). The moment the transfer was wired to New York, the warrants tendered would become vested in the custody of the London Comptroller,

who would have no power of disposal over them without the New York Comptroller's consent or instructions. Such a remittance to New York would have precisely the same effect over the quotation of sterling in New York as would have resulted from a shipment of bullion from London to New York; since, in either case, what is effected is a transfer of the property and command of a given portion of the precious metals from a London holder to one in New York, thereby balancing the indebtedness which brought about the unfavourable quotation of sterling in New York.

The consignee in New York, at whose disposal the sender in London intended his remittance to be placed, would receive, on application at the Comptroller's office in New York, silver warrants for the precise amount transferred telegraphically; and as he might, if he had any call for doing so, tender these warrants to the United States Treasury for gold, his position would be this. He would practically have the command of:

25,000 KILOGRAMMES OF SILVER or \$964,762.

(*v. Table of Parities.*)

Had the remittance been sent from Paris or Berlin he would still have the command of:

25,000 kilogrammes of silver or \$964,762;
while, if he desired to reverse the operation and remit back a similar amount, his own consignee would receive:

In London 25,000 kilogrammes of silver or £198,243

In Paris 25,000 " " frs. 5,000,000

In Berlin 25,000 " " rms. 4,050,000

In like manner, for an operation between London and Calcutta, sender or consignee would pay or receive:

25,000 kilogrammes of silver or Rs. 21,04,409

25,000 " " £ 198,243

and so on between any of the countries parties to the treaty.

The superior certainty and rapidity of this system over shipments of bullion needs little or no demonstration. At present the fluctuation of exchange, above or below the intrinsic par, must cover a sufficient range to cover all expenses and contingencies of moving bulk. Under the system proposed, it would be at all times in the power of bankers, merchants, and others to remit at par. Silver warrants might indeed at a particular moment not be readily obtainable if the Issue Department* of the Bank of England had already parted with its stock of them to previous inquirers, but a very slight premium would induce independent holders to part with them, or would bring

* Under the Act of 1844 the Issue Department of the Bank of England, instead of issuing notes against gold only (over and above the fixed issue—£14,750,000—guaranteed by Government debt and securities) may issue 20 per cent. against silver bullion and 80 per cent. against gold. The department has not, however, held silver for some 25 years; but might revive the practice and hold international silver warrant bars.

them flocking in from all parts of the world by telegraphic transfer. Moreover, this momentary scarcity and consequent premium, so far from being a point against the use of silver warrants, would only be a proof of their popularity as a means of remittance.

The imperfect organisation of the present system of adjusting temporary balances of international indebtedness is very forcibly brought out by the following table of

**REGISTERED IMPORTS AND EXPORTS OF GOLD BULLION AND SPECIE
INTO THE UNITED KINGDOM.**

| Years. | Imports. | Exports. |
|-------------|--------------|--------------|
| 1858 | 22,793,126 | 12,567,040 |
| 1859 | 22,297,698 | 18,081,139 |
| 1860 | 12,584,684 | 15,641,578 |
| 1861 | 12,163,937 | 11,238,372 |
| 1862 | 19,903,704 | 16,011,963 |
| 1863 | 19,142,665 | 15,303,279 |
| 1864 | 16,900,951 | 13,279,739 |
| 1865 | 14,485,570 | 8,493,332 |
| 1866 | 23,509,641 | 12,742,059 |
| 1867 | 15,800,159 | 7,889,030 |
| 1868 | 17,136,177 | 12,708,308 |
| 1869 | 13,770,812 | 8,478,699 |
| 1870 | 18,806,728 | 10,013,521 |
| 1871 | 21,613,005 | 20,698,275 |
| 1872 | 18,469,442 | 19,748,916 |
| 1873 | 20,611,165 | 19,071,220 |
| 1874 | 18,081,019 | 10,641,636 |
| 1875 | 23,140,834 | 18,648,296 |
| 1876 | 23,475,975 | 16,515,748 |
| 1877 | 15,441,985 | 20,361,386 |
| 1878 | 20,871,410 | 14,968,507 |
| 1879 | 13,368,675 | 17,578,818 |
| 1880 | 9,454,861 | 11,828,822 |
| 1881 | 9,963,006 | 15,498,837 |
| 1882 | 14,376,559 | 12,023,804 |
| 1883 | 7,755,800 | 7,091,365 |
| 1884 | 10,744,408 | 12,012,839 |
| Totals..... | £456,663,996 | £379,131,528 |

If we make rough allowance on the one hand for quantities not included, or understated, in the above figures, and on the other hand for net increase to coinage and net consumption in the arts out of the imports, we shall still find that some 7 or 800 millions sterling in gold must have been actually carried into or out of the country to moderate from time to time the amplitude of oscillations in the indebtedness resulting from foreign trade. Not only is this a useless hauling one

way of masses of gold destined to be presently hauled back again, but the action of this cumbrous process is a slow and restrictive one. Owing to the necessity of awaiting the rise or fall of the exchange to specie point, and owing to the influence of the varied reasons which have to be taken into account in deciding upon bullion shipment an instantaneous response between markets is not attainable. The Telegraphic Transfer of Silver Warrants, on the contrary, not only avoids the useless carrying to and fro of bullion, but it does away with fluctuations of rates of exchange in so far as they are due only to the absence of ready means for conveying, at any moment and without absorption of time, the property in specific portions of the precious metals. While silver warrants are available no banker or merchant, no one engaged in any one of the multifarious financial operations of modern days, need wait merely for the turn of the exchange to effect a remittance. Reasons for activity or dulness in transactions, there must always be; but want of continuity in the currency arrangements of nations ought to cease to be a factor in weighing these reasons.

Public loans and other issues.—Public loans and other issues brought out in any of the countries party to the treaty might be stipulated whether as regards capital, interest, or dividends, in international silver warrants, as well as in currency of the issuing country. Investors would naturally be attracted to issues the value of the returns of which they could always ascertain for themselves in terms of their own currency, and without going into fluctuating exchange calculations.

I have noticed this somewhat more fully in a foot-note further on as regards the debt of India, and need not develop it at any length here.

Small remittances.—Whoever had to pay abroad small invoices, subscriptions to foreign publications or associations; whoever had to send small sums of money to absent friends or relatives, or to salaried agents in foreign countries, would find silver warrants a ready form of remittance. Sender and receiver would, each in the country where he happened to be, deal with the remittance precisely as he would with currency of the country; the indications at the back of the warrant showing the exact value in either currency.

Travellers and tourists.—Suppose the case of a traveller, whether for business or pleasure, who leaves London for the Continent, having duly provided himself with international silver warrants, obtained simply by cashing a cheque at his own bankers'. The moment he steps out of the Channel boat at Calais, his silver warrants, so many £ sterling while he was still in England, become so many francs, and remain such, as long as he travels in France, Belgium, Switzerland, or Italy, without his having to do more than read off the amount at the back of the warrant. In the like manner, if he goes into Germany, they become reichsmarks. If he takes a run north across Denmark into Sweden and Norway

they become kronen. As he steams again into an English port any unspent balance resumes its original form of £ sterling.

Suppose our traveller to have sailed across the Atlantic : his warrants are dollars from New York to San Francisco ; he may traverse the Pacific and find them £ sterling in Australia and rupees in India ; return to Europe, and still as he gets back to London, pay his cab fare with a "b" warrant left over from the last "E" or "F" he turned into small change on landing from the mail steamer at Brindisi.

Units of value and commercial statistics.—By way of *hors d'œuvre*, I may point out that with the spreading use of silver warrants among trading communities, the kilogramme of silver would be a very useful mode of stating commercial value statistics, thus enabling a direct comparison to be made between totals of one country and totals of another country. The higher unit of value supplied by the kilogramme of silver being also a distinct advantage in reading off the large amounts of modern trade ; while the gramme decimal is likewise a convenience, as furnishing any desired sub-division of the unit.

There is an aspect of the practical working of the proposed system of silver warrants to which I must now ask you to devote some attention, and that is : How far would it or could it apply to India ? I might have kept out of the present paper the examination of this question ; the interest of England in the adoption of international silver warrants having abundantly adequate motive in their superiority over existing means of compensating extreme fluctuations of international indebtedness, even if we leave her trade with India out of the reckoning. But, the adaptation of silver to the purposes of a universal medium of currency being the leading feature of the proposal before you, and England's interest in *silver itself* mainly resting on the fact that silver only and not gold is legal tender in India, it would obviously be undesirable to abstain entirely from considering what naturally enough appears, to all trading with the East, the most important feature of the matter.

A short examination of the immediate bearings of the question as regards India is therefore entitled to find a place here ; the more so that we have to deal with the only country in the Table of Parities which has no gold legal tender ; with the only one also that has unlimited coinage of legal tender silver : to which we are now proposing to superadd a special form of silver currency with full legal tender force, but with a restricted issue.

The extent to which international silver warrants would come into practical use for India must be governed by the influence which their adoption by European countries and the United States would exert over the market price of silver, and, as a consequence, over Indian rates of Exchange. The extent of this influence would, in its turn, be governed by the extent to which international silver warrants would come into use in and amongst these countries.

This extent might either be (a) such as to cause the ready absorption of market supplies ; or it might (b) fall, more or less short, or even considerably short, of such a result.

Supposing the extent to which they came into use, concurrently with demands for silver from other quarters, to be (a) such as to result in the ready absorption of the balance of market supplies by the various governments parties to the treaty, then the market price of silver must necessarily be within a fraction of the treaty ratio between gold and silver. Higher it could not rise, unless the demand for silver for manufacturing purposes pressed strongly on the market rates : in which case warrants would be tendered to the Comptroller of International issues, and bars withdrawn for industrial requirements until the supply thus thrown on the market had brought the price of silver bullion down to, or somewhat below the treaty ratio. Lower it would not fall, as holders of silver bullion would not part with it at any less price than what Governments would be prepared to pay for it. Governments, on the other hand, in the case supposed, would readily enough pay for silver bullion up to the treaty ratio, since their object would not be, primarily, to make any profit out of the coining of international silver bars, but simply to fulfil a function put upon them by international treaty.

Even in the event of silver warrants not coming into use to the full extent of absorbing the balance of market supplies, but still coming very largely into use, the market price of silver bullion might not fall away at all from the treaty ratio, as additionally to the influence of the actual demand for international silver bars, there would come into play the moral influence of the prospective demand expected to result from the restoration to silver of the function of international currency. Under the action of this influence, holders of silver bullion would naturally hold their hand, and not part with the metal at less than treaty ratio ; as it would presumptively pay them better to await the rise of the demand than to force the supply.

In either wise then, supposing the case (a) under examination to be realized, there would be no difficulty whatever in the practical working of silver warrants as between India and Western nations. The exchange value of Indian rupees would of necessity rise to the treaty ratio, since the bullion to coin them from would itself stand at that ratio.

So far, all is plain sailing. It is in the other case supposed that complications are met, which might impede the free working of the system of international silver warrants as regards India. Supposing (b) the use of silver warrants by European nations and the United States to be of a limited or comparatively limited extent, and the market price of silver bullion to fall short, we will say considerably short, of the treaty ratio ? Then evidently silver warrants could not be remitted to India ; at any rate, not with any idea of the consignee tendering them to any one else against rupees at the treaty ratio.

His doing so would be tantamount to paying for silver, say at the Comptroller's office in England, at the rate of 60½ pence* an ounce, when it could have been purchased in the market and remitted to India for coinage into rupees, at say 55 pence.

Does it, however, follow that silver warrants would not be made use of at all as a means of remittance to India, unless the market price of silver bullion stood at the treaty ratio between gold and silver? Not absolutely, by any means. They would not indeed circulate in India at a parity with rupees, on the basis of the treaty ratio, nor would any one tender them to the Indian Government in exchange for rupees, or for the corresponding silver bars. But they might circulate at a premium. Merchants engaged in the East India import and export trade might still use them as a ready means of remittance to and from India, at their full treaty value in gold computed into rupees at the rate of exchange of the day for rupees between India and London.† Banks in India, dealing with these merchants, would have no objection to hold or negotiate silver warrants on the same basis, nor would they hesitate to run down their rupee cash balances lower than if they held no warrants, since they could at all times transfer their silver warrants telegraphically to London, against the purchase there of bills on India, of Council transfers, or of silver bullion at the exchange or market rate of the day. This would not be quite so satisfactory a position of the matter, nor would it ensure so perfect a stability of the Indian exchange as under case (a). But the moment silver warrants achieved any degree of favour with the commercial and financial community, England's interest—to speak of her alone among Western nations—in having the currency

* 60½, or decimally 60.25, is generally quoted at the conventional par of silver, i.e., taking the ratio of 15½ to 1 as being in force between silver and gold. It is, however, not quite so high, calculation carried to three decimals bringing out 60.222.

† It should be remembered that bar silver, bought in London for remittance to India, has to bear freight and insurance charges, loss of interest on the journey, and Mint charges in India,—the whole amounting, perhaps, to some 3 per cent. or more. To this may be added the uncertainty as to the course of exchange and market price of silver, while the remittance is afloat. As a consequence, the present shipper of silver to India, who pays gold to-day for his consignment of bullion, is in a position of inferiority as compared with, let us suppose, that of any one making a remittance of silver warrants on the same day. If we further consider that the silver warrants transferred may be re-transferred to London at any moment, and made available there for the precise amount in gold which they cost when they were bought for remittance; whereas silver bullion sent out to India is practically unavailable for remitting back to England, it will be seen that the market price of bar silver might fall considerably, say quite 2d. per oz. below the treaty ratio, before bar silver would be considered a better remittance than silver warrants.

The Mint charge in India, including a small pre-melting fee, is 2½ per cent.

The payment for bullion by the Mint takes place at from eight to twenty days from tendering, large lots sometimes entailing a longer delay. The freight and insurance charges are, to some extent, variable, according to individual shippers' greater or lesser command over these items.

arrangement of India brought into direct contact with her own, is such, that measures conducive to that result would be urgently called for. The objections to a commendable adoption of these measures would, at the same time, be largely or wholly removed by the precedent fact of the adoption of silver warrants by Europe and the United States.

Two measures, having for their object the steadying of Indian rates of exchange, have been frequently advocated, to wit (a) the closing of Indian mints to the unlimited coining of silver into rupees, (b) the introduction into India of a full legal tender gold currency. I am not called upon to examine either of these measures to-night, since we are dealing with a proposition that claims to dispense with any direct interference with the existing currency of any individual nation.

I may, however, perhaps remark with regard to the first one, that its adoption just now might appear somewhat in the nature of a desperate remedy, resorted to under pressure of circumstances. In deciding upon it, I fancy, also, that the possible moral effect on the uneducated Hindoo mind of a restriction on the open coining of silver, must not be lost sight of.*

As to the introduction of a full legal tender gold currency, it could not be realised, except conjointly with either the demonetization of silver, or the enactment of a fixed ratio of value between the new gold and the old silver rupees.

Leaving the present currency arrangements of India untouched, I may, however, briefly examine one or two measures which might perfectly legitimately be adopted in connection with international silver warrants, in order to facilitate unimpeded harmony in their circulation between India and Western nations, and thus, by the widening of their use, bring the price of silver bullion up to the treaty ratio.

1. The Indian Government might take power to buy or sell against silver warrants, and throughout India, gold bullion at the treaty ratio, silver warrants being accepted in payment of all taxes. The probable effect of this would be to bring forth some of the hoarded gold which at present lies dormant in India. The Government would not be called upon by Europeans residing or trading in India, to sell gold to them against silver warrants, with a view to exporting it, since no possible profit could arise out of such a transaction. Nor would the Indian Treasury be the loser, supposing they did do so, considering that it could, by transferring to London the silver warrants tendered for gold bullion, obtain command over gold sovereigns there

* Colonel White, the Master of the Bombay Mint, writes :—"In the years 1877-8, when a very severe famine prevailed, silver ornaments of the aggregate value of Rs. 1,22,83,642 (£1,223,364·2 nominal) were converted into coin, and Rs. 2,08,53,321 (£2,085,332·1 nominal) in the two subsequent years."

Similar evidence is recorded in the bulky report on Indian Railways issued some little time back.

to an exactly corresponding amount, measured in fine gold, to what they had sold in India. Natives would not specially care to buy gold by means of silver warrants, since it has a fluctuating market value, and is not legal tender; while, on the contrary, if they were enabled to sell it at a fixed ratio against legal tender silver warrants, they would be ready enough to do so as occasion prompted. The net result would be the familiarising of the Hindoos with the use of silver warrants, and the placing gold in the hands of the Indian Government for remittance to England.

2. Existing Indian loans, as well as future ones, might be consolidated into silver warrant loans. This would have a powerful influence, both in bringing the market price of silver up to the treaty ratio, and in greatly facilitating and being an inducement to the holding of such loans, whether by resident or non-resident Europeans, as well as by natives; since the interest would be made payable at the holders' option in silver warrants in India, or in silver warrants or gold in London.*

As a useful corollary although minor measure, the Indian Government might also agree to the payment of salaries of Indian officials, civil or military, *absent on leave*, being computed in silver warrant rupees, payable in London either in silver warrants or gold at the payee's option. They might likewise adopt a similar arrangement in the fixing of pensions.

I think the foregoing remarks deal sufficiently fully with the question of silver warrants in India for our present purpose, which is to show that their introduction there is feasible in any contingency; and requires similarly, with the other countries tabulated, no direct interference with the existing legal tender.

* Without pretending to broach here the subject of the debt of India the following remarks will suffice to indicate how silver warrant loans would offer a ready way out of the recurring difficulty as to whether fresh loans for India shall be rupee or sterling loans.

The ordinary registered interest-bearing debt of India, contracted either there or in this country, was approximately, at the beginning of the year, £100,000,000 sterling. Suppose this consolidated into a 4 per cent. silver warrant loan of 12,500,000 kilogrammes of silver (admitting par issue, and taking the value of the kilogramme roughly at £8). A holder, say of an Indian debt silver warrant bond for 25 kilogrammes would see on the face of it that the yearly interest due to him, viz., one kilogramme (at 4 per cent.) would be receivable by him, if he so desired it, in the form of 84.176 rupees in India; or £7 18s. 7d. in London. Moreover, if the Indian Government undertook, at any registered holder's request, to forward the interest in silver warrants by post to any address appointed by him, he would have it practically in his power to receive it in the form of 200 francs in Paris, Rome, or Brussels; 162 reichsmarks in Berlin; 38.590 dollars in the United States; 144 kronen in Norway, Sweden, or Denmark; 96 florins in Amsterdam. (Compare Table of Parities, Warrant A., one kilogramme; also, Warrant F, which gives the value of twenty-five kilogrammes in the like currencies.) The degree of ready negotiability thus conferred upon the Indian debt would evidently be equal or superior to that of any security dealt in on the Stock Exchanges of the world.

There now remains to be dealt with, before summing up the points of this paper, only the short examination, purposely deferred, of the question of *Over-production*. I will, as with the tables of Parities, trouble you to look at the diagram here annexed, while I read what next follows.

It shows, graphically, under five decades, fifty years' production (viz. : the five decades comprised within 1831-80) of gold and silver: blue for silver and red for gold. Each small square represents 100,000 kilogrammes for gold; and $15\frac{1}{2}$ times as much, or 1,550,000 kilogrammes for silver. Consequently, had the production of the two metals been in the proportion of $15\frac{1}{2}$ of silver to one of gold, the piles of blue squares ought to be of the same height as the piles of red squares. You will see at a glance:—

1. That the ratio of production of silver to production of gold has in no decade, except 1831-40, been as high as $15\frac{1}{2}$ to 1.

2. That the production of silver has increased at a tolerably constant ratio.

3. That the production of gold has, on the contrary, shewn striking fluctuations.

If you now examine the statement given at the bottom of the diagram, of the price of bar silver during practically the same period (1833-1880), you will further see that during four out of the five decades the price never fell lower than $58\frac{1}{2}$ pence (2·3 pence lower than the $15\frac{1}{2}$ par of 60·83 pence per oz. standard), nor ever rose higher than $62\frac{1}{2}$ pence ($1\cdot9$ above the par), while the decennial averages show a still smaller range: $1\cdot7$ below and $0\cdot53$ above the par,* and yet during that period of forty years the production of gold is seen to have been, in the third decade, four times as great as in the second, and ten times as great as in the first. That of silver, on the contrary, never doubled itself, comparing one decade with the next.

There is no necessity for me to enter into the history of the causes which, notwithstanding the erratic behaviour of gold production, and the steady course of silver, brought about such a change as we see in the fifth decade, as compared with the four preceding ones. It is certainly startling, at a first blush, that just for the ten years, when the production of gold and silver shows the nearest approach to even

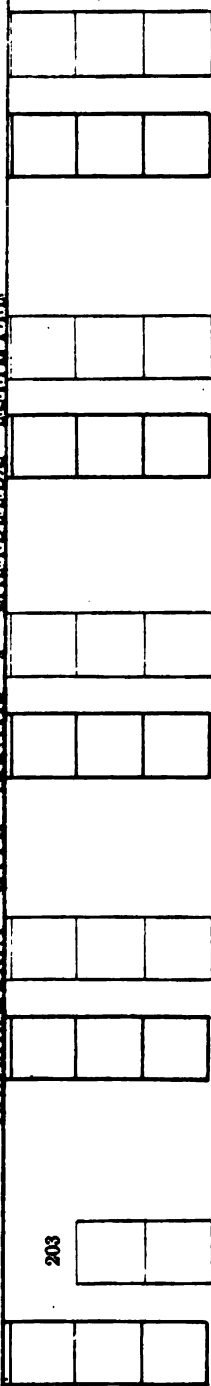
* The table of average of Indian rates of Exchange—based on Council bills and transfers—(Statistical Abstract of India, 1885), for each of the years 1862-1884, shows that during the period 1862-70 (the period ending just previous to Germany's adoption of a gold standard and her sales of silver), the fluctuations of the averages were between $23\cdot4\cdot00$ and $23\cdot4\cdot00$, whereas, during the subsequent period, 1871-84, the range is $23\cdot4\cdot100$ to $19\cdot4\cdot000$. During this same period also, the rupee has even more than once gone down as low as 18 pence.

NOTA.—The gold parity of the silver rupee, at the ratio of $15\frac{1}{2}$, comes out at $22\cdot4\cdot000$; bills and transfers naturally standing above the metallic parity of any given moment, as being immediately available in rupees on reaching India, which is not the case with a remittance of silver bullion. (See previous footnote on this.)

DIAGRAM SHEWING

WEIGHT OF GOLD AND SILVER, PRODUCED DECENNIALY, 1831-80,

CONFORMABLY WITH DOCTOR A. SOUTHERN'S ESTIMATE



000's omitted in the weights for each Decade.

STATEMENT of price of Bar Silver, shewing Highest or Lowest points touched during each of the above Decades, and average price for each Decade.

| | | | | | |
|---------|-----|-----|-----|-----|-----|
| Highest | 60½ | 61½ | 62½ | 62½ | 61½ |
| Lowest | 58½ | 58½ | 59½ | 60 | 46½ |
| Average | 59½ | 59½ | 61½ | 60½ | 55½ |

COMPILED FROM MESSRS. PIXLEY & ABELL'S LIST OF MONTHLY FLUCTUATIONS, FROM JANUARY 1883, TO DECEMBER 1884.

production at the ratio of $15\frac{1}{2}$, the highest and lowest prices of bar silver should suddenly exhibit an hitherto entirely unknown divergence; the extreme fall being actually (July, 1876,) 14 pence below the $15\frac{1}{2}$ par or 23 per cent. in gold value. For the purposes of this paper it suffices, however, that the diagram should have enabled us to ascertain beyond a doubt that the ratio of production certainly has not been the supreme influence over the ratio of value between gold and silver.

I therefore propose, beyond what the diagram has shown us, to dispose of the question of "Over-production," with the following short quotations:—

The first is taken from the Report of the Select Committee on "Depreciation of Silver" (dated July 5th, 1876), and says:—

"It will be observed that, according to these computations, notwithstanding the late rise in the production of silver as compared with gold, its proportion to gold is still considerably below what it was in 1848, to say nothing of the period when the proportion was as 3 to 1; and the conclusion seems justified that a review of the relations of the metals in times past shows that the fall in the price of silver is not due to any excessive production *as compared with gold.*" The fact is that, as was correctly pointed out by Mr. Giffen in his evidence, the changes have been *in the uses of the metal.*"—(The italics are in the original.)

I might take Queen Elizabeth's celebrated advice to a provincial mayor, and, having given one good reason, spare you any recital of the others. Indeed, I mean to do so as far as "*Over-production*" is concerned, for there is no doubt that the adoption of the system of international silver warrants would largely develop the use of silver, thereby tending to restore, or more probably wholly restoring, its former parity with gold, just as the minting of an enormous gold currency in France, and subsequent similar developments in the decade, 1851-60, and afterwards, had the ultimate effect of preventing the depreciation of gold, and forestalling the dire consequences which Michel Chevalier and Jevons predicted as almost fatally destined to result from what was then thought would prove over-production of gold.

To one other quotation only will I therefore call your attention, and not so much in view of over-production as with more particular reference to the question of a fixed value ratio between gold and silver, and its influence on the market price of silver.

In answer to a question specifically addressed to him, on behalf of Mr. Henry H. Gibbs, Doctor Soetbeer wrote:—

"I have never overlooked, still less denied, the fact that the French monetary law, with its free coinage of 1 kilo silver of 9-10ths fine into 200 francs, and 1 kilo gold 9-10ths fine into 3,100 francs, has of necessity exercised a real influence upon the ratio of value of the two precious metals in the open market and kept its oscillations

"*within fixed limits.* It was chiefly "due to the French double standard that after the beginning of the "enormous gold supply in California and Australia the price of gold "sunk but little in proportion, and that later on, in 1856 and 1857, "as well as in 1862-4, the price of silver never rose above 62½, in "spite of the enormous export of that metal to the East." (*Economist*, August 15th—page 1001.)

This, I need scarcely say, is quoted solely to show that, in the opinion of an eminent expert, well-known as a persistent advocate of a single gold standard, monetary laws have power to *keep within fixed* (and narrow—*see above*) *limits* the oscillations of value between gold and silver. No direct comparison is intended between the condition of things then, when France was the one country open to unlimited minting of both gold and silver, and now when what I propose is to leave undisturbed the privilege conferred upon gold, while giving silver an international position, but not unlimited access to the Mints of Europe and the United States.

I have already gone into the question of a possible market price of silver bullion, concurrently with and inferior to the silver warrant ratio, with regard to India, where the question bears a complicated aspect, owing to it not being intended to stop open minting of the ordinary rupee.

The only aspect of this question which interests Western nations, where no unlimited coining of silver is any longer authorized, and where Governments alone would have power to coin international silver bars, is—How far the existence of a market price of silver bullion inferior to the treaty ratio would be a detriment to the silver warrant system?

The answer is this: Supposing the market price of silver bullion to remain 10 per cent. below the treaty ratio (that is, taking the present depreciation of silver roughly at 20 per cent., and assuming the adoption of silver warrants to reduce this to 10 per cent.); and supposing England, for example, to have issued 50 millions sterling in silver warrant bars; then Government would be found to have issued silver warrants secured to the extent of 90 per cent. by merchandize (international silver bars), and 10 per cent. by the pledging of their own credit. This is no worse position, assuredly, than that occupied by the Issue Department of the Bank of England, when a note issue of £35,402,700 (Bank return for the week ending 4th November, 1885,) is secured by £19,652,700 gold coin and bullion, and £15,750,000 Government debt and securities—these being of course nothing else than pledges of Government credit. The fiduciary portion of the issue is here more than 40 per cent., as against 10 per cent. only shown in the case of an issue of £50,000,000 in silver warrants.

Without venturing upon prophecy I may, however, say that either the system of international silver warrants will wholly fail to recom-

mend itself, or, in the contrary supposition, that its adoption will rapidly bring silver bullion up to the treaty ratio, by mere force of their universal use, of the wide circulation they will command, and from the fact that whereas, in a falling market such as silver has at present, buyers have it against sellers, holders of silver bullion will then naturally, as before pointed out, hold their hand, and wait for the rise and firm market which a sustained demand must inevitably bring about.

I will now briefly sum up the points of the paper. We have seen in the course of the argument :—

1. That the objection to silver as currency resolves itself into one of cumbrousness in use, in consequence of inconvenient bulk.

2. That this objection now *practically* applies to gold also.

3. That, apart from this, the merchantable qualities which have qualified the precious metals, in the past, to act as the recognised and universal medium of barter and exchange and the ultimate guarantee for transactions, remain unimpaired.

4. That while the use of gold and silver as an *actually circulating medium of exchange* becomes more and more restricted with the development of improved methods of adjusting accounts, their use as an ultimate guarantee, so far from tending to diminish, is subject to a permanent cause, the importance of which grows with the increasing wealth of nations and volume of their transactions.

5. That *the uses to which the precious metals are put*, constitute the preponderating influence in regulating the ratio value between gold and silver.

6. That the monetary legal enactments of nations have power to establish and maintain within fixed and narrow limits, a legal tender value ratio between gold and silver.

On these propositions I have constructed a scheme of international currency, for which I venture to claim—

1. That it entirely obviates the objection as to cumbrousness in the use of the precious metals.*

2. That it supplies a common measure between the currencies of the world and a universal medium of exchange available wherever the holder may happen to be, without calling for any disturbance of existing currencies.

3. That it does away with fluctuations of exchange due solely to uncertainty in the fixity of the medium of exchange and the relative

* The objection which might be raised as to storing of silver bars, on account of the space required, has no very serious foundation. The Bank of France has repeatedly, within the last few years, held close upon £100,000,000 in hard cash : half of it in silver five-franc pieces.

The supposed difficulty as to storing Bland dollars in the United States has its source rather in the natural reluctance of the authorities to provide additional space, in view of the uncertainty in the position of silver, than in any physical difficulty. No one will contend that silver offers any inherent obstacle to being stored.

legal capacity of the precious metals to fulfil the functions of legal tender.

4. That it furnishes a better, as being a quicker, cheaper, more continuous and automatic mode of compensating fluctuations of international indebtedness than the present system of bullion shipments.

5. That, while leaving Western nations in possession of gold currencies, it gives us touch with the monetary standard of the vastly-populated silver-using countries of the East.

I have purposely avoided such purely controversial matter as the influence of currency on prices and its effects on imports and exports. The phenomena of trade are the outcome of too many factors, some of them in harmony with each other, some of them in hostility, for it to be wise to attribute to metallic currency either the paramount capacity for good or the power for mischief which opponents in the battle of the standards so sweepingly accord to it.

I am content to rest my proposition on its essentially practical character, on its feasibility without ostracism of any existing national currency, yet with potential universality of application; on the demonstrable improvement it would realise in the reckoning and adjusting of indebtedness between nations; on its being thereby a benefit to trade generally, since, as Mr. John B. Martin truly remarked in a recent discussion here, "There is no doubt that anything that is done towards unifying the coinage of the world must be an advantage."

APPENDIX TO THE TABLE OF PARITIES

On pages 520 and 521.

A.—Note on the method according to which the parities have been calculated (see note “B,” giving the data of the calculations).

To follow the calculations in the table of parities, the chief point to be steadily kept in view is that its object is primarily: to show the value of one kilogramme of silver of a standard fineness equal to nine parts of silver and one part of alloy (copper), as expressed in standard coins of any one of the countries tabulated. To do this, the exact legal weight and fineness—apart from Mint remedies or allowances—of a given number of the standard coins of any one of these countries must be known. These factors of the problem

1.—*One kilogramme of silver $\frac{9}{10}$ fine.*

2.—*The weight and fineness of a given number of the standard coins in terms of which the value of the said kilogramme of silver has to be expressed*

are then compared.

The comparison between these two quantities is subject, however, to both applying to the same metal. If they do not a third factor has to be brought in, viz., the value ratio fixed upon between the two metals. In the table, the ratio adopted is that which takes $15\frac{1}{2}$ kilogrammes of silver of any given fineness as being the value in terms of silver of one kilogramme of gold of the same fineness; or, *vice versa*, takes one kilogramme of gold of any given fineness as being the value in terms of gold of $15\frac{1}{2}$ kilogrammes of silver of the same fineness.

The following is an example of the calculations. I have selected that which involves the most complications purposely, as the proper comprehension of the one is a full clue to the others. Say, then, that we require to express the value of one kilogramme of silver $\frac{9}{10}$ fine in terms of English gold sovereigns. The reasoning is as follows:—

1.—One kilogramme in weight, expressed to four places of decimals, in ounces (*troy weight*) = $32\frac{1597}{10000}$ ounces.

2.—40 lbs. = 480 *ozs. troy weight* of standard gold are coined into 1,869 pieces of one sovereign each. This gives a Mint price of gold of £3 17s. 10½d.

3.—The standard fineness of English gold coins is 22 carats; fine gold being 24 carats. This gives a proportion of $\frac{11}{12}$, if expressed in fractions. That is to say, $\frac{22}{24}$ carats = $\frac{11}{12}$; or, if expressed in decimals, .91666.....66, being the recurring decimal alluded to by Professor Roberts in his paper on the assay of the coinage, and is due to the conversion of the fraction $\frac{11}{12}$ into milliems, thus:—

12) 11,0000 (.916666.....indefinitely.

4.—The standard fineness of the proposed kilogramme of silver is $\frac{9}{10}$ or 900 milliems (.900).

5.—The value ratio between gold and silver is taken at 1 : 15½.

These five factors of the problem being ascertained, we observe that if the fineness of the proposed kilogramme of silver and that of the English pound sterling were the same, and gold and silver were of equal value, all we should have to do to express the value of a kilogramme of silver in £ sterling, would be to multiply 32·1507 ounces (one kilogramme) by £3 17s. 10½d (Mint price of one ounce standard gold) thus:—

$$a = \frac{32 \cdot 1507 \times 934 \cdot 5}{240} \quad \text{Answer: } £125 \text{ 3s. } 8\frac{1}{2}\text{d.}$$

or, decimally, £125·18678.

The £3 17s. 10½d. are here reduced into pence—934½ pence, or decimally 934·5 pence—for convenience in calculation; the product being re-divided by 240 to turn the product into £.

But we have agreed to take silver as being worth 15½ times less than gold. The product “a” above—£125·18678—must therefore be divided by 15½ (or decimally 15·5) and “a” becomes

$$b = \frac{32 \cdot 1507 \times 934 \cdot 5}{240 \times 15 \cdot 5} \quad \text{Answer: } £8 \text{ 1s. } 4\frac{1}{2}\text{d.}$$

or, decimally, £8·0756.

This answer is not yet the correct one, as we have further to take into account the difference of fineness, the proposed kilogramme of silver containing only nine parts fine out of ten, whereas the English gold sovereign contains eleven parts fine out of twelve. The answer “b” must then be modified accordingly. If we bring the two fractions $\frac{9}{10}$ and $\frac{11}{12}$ to a common denominator, we find that they become respectively $\frac{99}{120}$: $\frac{110}{120}$. Reducing these two fractions, we get $\frac{9}{10}$: $\frac{11}{12}$; that is to say, out of, say, 60 grammes (1 kilogramme = 1000 grammes) of silver $\frac{9}{10}$ fine, 54 grammes would be fine silver; and out of 60 grammes of gold, $\frac{11}{12}$ fine, 55 grammes would be fine gold. It will therefore require less £ sterling than £8·0756, in the proportion of 54 to 55, to express one kilogramme of silver $\frac{9}{10}$ fine in £ sterling.

The answer “*b*” must then be multiplied by 54 and divided by 55, and “*b*” becomes—

$$c = \frac{32 \cdot 1507 \times 934 \cdot 5 \times 54}{240 \times 15 \cdot 5 \times 55} \quad \text{Answer : } \pounds 7 \text{ 18s. 7d.}$$

or, decimally, £7·92972.

A similar sequence of reasoning would in the case of United States gold dollars give $\frac{32 \cdot 1507 \times 800}{43 \times 15 \cdot 5}$ Answer \$38·5904

There being in this case no corresponding factors to 54 and 55 in “*c*” as United States standard coins are themselves $\frac{9}{10}$ fine. There is also no occasion to state the answer otherwise than decimally, as United States currency is decimalised: one dollar being divided into 100 cents.

Nota.—The answer “*c*” may be arrived at by the chain rule ordinarily given in “arbitrage” handbooks. The chain fully stated, without any previous mental reduction of any of the data would be :—

| | |
|-------------------------------------|--|
| <i>x</i> £ st | 1 kilogramme silver $\frac{9}{10}$ fine. |
| 10 kilo. silver $\frac{9}{10}$ fine | 9 „ fine silver. |
| 15½ kilo. fine silver | 1 „ fine gold. |
| 1 kilo. | 32 $\frac{15 \cdot 0}{10000}$ ounces troy. |
| 11 oz. fine gold | 12 oz. standard gold. |
| 1 oz. st ^d . gold | £3 17s. 10½d. |
| £3 17s. 10½d. | 934·5 pence. |
| 240 pence | 1 £ st |

This thrown into the same form as “*c*” would stand thus :—

$$x = \frac{1 \times 9 \times 1 \times 32 \cdot 1507 \times 12 \times 3 \cdot 17 \cdot 10 \frac{1}{2} \times 934 \cdot 5 \times 1}{10 \times 15 \frac{1}{2} \times 1 \times 11 \times 1 \times 3 \cdot 17 \cdot 10 \frac{1}{2} \times 240}$$

Answer : £7 18s. 7d.
or, decimally, £7·92972.

It will be seen that this contains a number of useless or duplicated factors dispensed with in “*c*.”

Note B.

STATEMENT OF DATA ON WHICH THE PARITIES IN THE TABLE GIVEN ON PAGES 520 AND 521, HAVE BEEN CALCULATED. *Seigniorage charges do not come into account in these data, which refer solely to the standard weight and fineness of the coins under consideration.*

| | | |
|-----------------|---|---|
| LATIN UNION. | <p>Standard fineness. $\frac{9}{10}$ fine for both metals.</p> <p>—</p> <p>Value ratio between gold and silver, 1 : 15½.</p> | <p>1 kilogramme standard gold is coined into 155 20-franc pieces = 3,100 francs.</p> <p>Silver 5-franc pieces are unlimited legal tender equally with gold, but the Mints are no longer open to coining them for the public, and the Governments have also ceased coining them on their own account. 40 go to a kilogramme of standard silver = 200 francs.</p> |
| UNITED KINGDOM. | <p>GOLD. 22 carats or $\frac{11}{12}$ fine.</p> <p>—</p> <p>SILVER. 22·2 carats or $\frac{111}{12}$ fine.</p> | <p>40 lbs. troy weight (480 ozs.) of standard gold are coined into 1,869 sovereigns, being at the rate of £3 17s. 10½d. per ounce.</p> <p>Silver coins are only legal tender to the extent of 40/- in any one payment. The coining of them is a State monopoly. They are minted at the rate of 66 shillings to a pound troy weight,—66 pence to an ounce—giving a value ratio between gold and silver of 1 : 14½ (14·28).</p> |
| GERMAN EMPIRE. | <p>$\frac{9}{10}$ fine for both metals.</p> | <p>189½ double crowns are coined out of one kilogramme of <i>fine</i> gold, being equal to 2,511 reichsmarks per kilogramme of <i>standard</i> gold.</p> <p>The law declares gold to be the sole standard of currency, but full legal tender force is still allowed to the old silver thalers in circulation, the value ratio being 1 : 15½.</p> |

| | | |
|---------------------------------|---|---|
| UNITED STATES OF AMERICA. | $\frac{9}{10}$ fine for both metals. | 48 ounces troy weight of standard gold are coined into 80 eagles—800 dollars. <i>Silver.</i> —Dollars are coined under the Bland Bill of February, 1878, of a weight of $412\frac{1}{2}$ grains of standard silver; bringing out a value ratio between gold and silver of 1 : 16 (15·99). They are unlimited legal tender. Trade dollars are also coined 420 grains in weight; but these are not legal tender at all. |
| BRITISH INDIA. | $\frac{11}{12}$ fine for both metals. | One "tolah" (being $\frac{3}{8}$ of an oz. troy weight—180 grains) of standard silver is coined into one rupee. Gold mohurs (nominally 15 rupees) are coined on a very small scale. They are not legal tender, and have a fluctuating market value. Their weight is also one "tolah." |
| SCANDINAVIAN MONETARY UNION. | $\frac{9}{10}$ fine. | 248 10-kroner pieces are coined out of a kilogramme of fine gold; being 2,232 kroner per kilogramme of standard gold. |
| HOLLAND. | $\frac{9}{10}$ fine. | One hundred 10-florin pieces are coined out of 672 grammes (kilog. 0·672) of standard gold. |

Nota.—It need hardly be pointed out that the word "standard" throughout this note means the "standard" of each particular country; not the English "standard" of either gold or silver.

DISCUSSION ON MR. CHEVASSUS' PAPER.

Mr. SCHMIDT : Whoever has taken an interest in the silver question must feel sympathetic with any efforts to bring that complicated problem before wider and wider circles, and make its importance and its manifold bearings understood by the public at large. I think, myself, that this question does not offer so many difficulties as some people suppose ; at the same time a popular prejudice exists to that effect, and I think we are all indebted to Mr. Chevassus for trying to overcome that prejudice and coming before us to discuss this question. I think such a discussion particularly opportune at the present time, for in a very few weeks from to-day there will commence a great fight on the other side of the Atlantic between the friends and the foes of silver, a fight which is now rending the United States almost as much into two portions, east and west, as some 20 or 25 years ago the question of slavery was rending them into two parts—north and south. I believe that upon the issue of this fight a great many things will depend, not only the continued existence of English agriculture as a remunerative business but also the prosperity of a great many English industries, the stability of the London money market, and perhaps that of mercantile credit generally. But however sympathetic I feel towards any discussion of the silver question, I regret I cannot entirely second the efforts of Mr. Chevassus to-night. The question before the world at the present moment is, I conceive, "Is silver to continue to be legal tender among the nations of western civilization?" This question Mr. Chevassus has answered by taking for granted that the reply has been given in favour of silver, and by consenting himself to give us an interesting and very valuable paper that shows how silver could be utilised to the best advantage. He has thus taken a somewhat similar course to a Minister of State who is going to a council meeting where the question of peace or war between two countries had to be decided and thinks he can advance the discussion or hasten the decision by pointing out the most favourable route that the troops could march along after having once entered the enemy's country. Examining, now, Mr. Chevassus's paper, I think the great point is the question of legal tender. If the silver warrants are to have no legal tender, of course it will be perfectly useless to try to put them into circulation ; and you will be no more able to settle international indebtedness by the issue of international silver warrants if they have no legal tender, than by the issue of international coffee warrants, or chicory warrants. Mr. Chevassus perfectly understood this difficulty, and therefore, on page 516, in the first of the clauses he distinctly states they are to be legal tender ; but, sir, the legal tender quality of any well-established currency must have had one corollary, viz., free coinage. However Mr. Chevassus hesitates to take that step, for on page 517, he says (in clause 5) :

"The coining, issuing and controlling of international silver bars shall be a monopoly of the Governments, parties to the treaty." That means that the scheme would simply put the nations at large into that very dangerous position into which the Latin Union had been brought before they stopped the coinage of silver, when every State forming part of that Union was allowed to coin a certain contingent quantity of silver. We should all experience the same difficulty which the United States of America are suffering from at the present moment with regard to the Bland Bill. The Bland Act was a measure of compromise, and failed simply because the Americans hesitated to give silver the full legal tender quality. Mr. Chevassus's plan is likewise a measure of compromise, and I think will also, for the same reason, be a failure. You will see the practical difficulty which he has to face if you look at page 530, where he says: "Even in the event of silver warrants not coming into use to the full extent of absorbing the balance of market supplies, but still coming very largely into use, the market price of silver bullion might not fall away at all from the treaty ratio." In a well-established system of currency he ought to be able to say that by no possibility could the market price of bullion fall away from the treaty ratio, and no more ought the market price be able to fall than bar gold in London can fall below the price which the Bank of England is always ready to pay for it. On the same page, Mr. Chevassus says: "Higher it could not rise, unless the demand for silver for manufacturing purposes pressed strongly on the market rates." Even that statement I have to take exception to, because among the States that Mr. Chevassus does not include in the proposed Treaty, is China. China is a very large country, with many millions of population. Now, it is just possible (I do not say likely) that by some international indebtedness, such as by a failure of silk in Europe and consequent large exports from China, or what is more probable, by the beginning of an era of railway construction in China, there may be a large demand for silver to the East, and then possibly the price of silver would rise above the treaty ratio. Therefore the statement of Mr. Chevassus, that it cannot rise higher, will have to be modified. With these few criticisms of the details of Mr. Chevassus's paper, I will be satisfied. Coming now to the scheme as a whole, I think I may say, to put it mildly, that Mr. Chevassus seems to be in advance of the state of public opinion at the present moment existing in this country and abroad also. What we have to consider is not so much how silver can be internationally utilised, but whether it is to be so utilised or not; and the discussion of this question will not be advanced very much by the reasons which Mr. Chevassus has brought before us, though some of them have a certain weight. But bulkiness, specific gravity and even over-production are not the reasons which will ultimately decide whether silver is to remain the currency of western civilisation or not. This point, if ever it is decided, will be decided by the answer to such questions as these, which as practical

men of business we must ask ourselves :—Is it true that the demonetization of silver has something to do with the general fall in prices ? Is it true that the demonetization of silver has undone a great deal of the benefits we have received from the discovery of gold mines in Australia and California ? Is it true that the depreciation of silver has been highly detrimental to English agriculture, and that a further fall in silver will seriously jeopardise the cotton industry of Lancashire ? Is it true that the demonetization of silver is the cause of the appreciation of gold, that increase in the purchasing power of the standard metal of this country which is vitiating all contracts between men and men, making the rich richer and the poor poorer, and increasing the claims of creditors, and the weight and burden of debt. There are signs that some changes are going on around us, and among those signs I may class the increased tendency to socialistic legislation. Whenever production ceases to be profitable and advantageous, the minds of people turn to that other chapter of political economy, called distribution, and when it pays no longer to increase the wealth, people begin and try by legislative means to secure to themselves as much as possible of the wealth already created and brought down to us by former generations. As the matter stands at present, it seems to me that those who are called bi-metallists are really mono-metallists. They try to marry the yellow and the white metal, to combine the two, and thus to create a basis broad enough to carry on the ever-increasing commerce of the world, and to found upon it a stable system of prices, and a firm superstructure of credit. Those, on the other hand, who are called mono-metallists, appear to be really bi-metallists. They want to divorce silver from gold, and cut the world into two parts, with no common measure of value between them. But I am afraid that in mentioning such heterodox words as bi-metallism and mono-metallism, I am entering upon what has been called in this room "currency nostrums." Mr. Chevasus has alluded to this remark, and, to my surprise, he has fully endorsed and subscribed it ; and all that in the introduction of a paper which, however instructive, certainly will be classed by nine people out of ten as a "currency nostrum." I think, in his place, I should have taken a bolder course. I think I should have declared that if it can be proved that currency disturbances are at the bottom of the trade disturbances of which we all have heard, and from which some of us have probably suffered, then it is to the discussion of currency questions, or, if you like, currency nostrums, that we should look for an amelioration of our present position. And if it can be proved that legislation has done the harm, and produced this state of things, I think it is neither irrational nor illogical to look to legislation to give us back a stable equilibrium of prices ; to give us back a system of currency sufficient to carry on, along with it, that trade which, from time immemorial, has been the trade of the world, a trade which has never been stopped, and never will be, by custom-house duties or

protective duties, the great trade which consists in the interchange of commodities between the civilizations of the East and of the West.

MR. GRENFELL : I am sure we have all listened with the greatest interest to this paper of Mr. Chevassus, and we bi-metallists must be very glad to think that he has come to the conclusion that it is possible that some system of international currency by agreement should take place. I think that at all events is a great step in advance. It has been very often denied that you can ever get nations to agree with one another upon the subject, and we bi-metallists have always said it was possible, and that as we had conventions with regard to telegraphs and postal arrangements and lighting at sea, there could be no reason why there should not be an agreement for international currency, and if necessary of a standard of value. But I do not rise to pursue the subject of bi-metallism so much as to ask for information from Mr. Chevassus upon one or two points which it appears to me are not quite clearly made out in his paper. I listened very attentively to him, and I had the advantage of reading the paper beforehand, and I was struck with one thing, which I hope he will explain, and that is what the necessity of silver in the matter is at all ? Perhaps I may have misunderstood him, but, so far as I can understand the proposition, it is that people are to pay in gold for a silver bar, and then they are to exchange that silver bar for a paper warrant, and that afterwards they can demand from the issuers of that international warrant to be repaid in gold coin of the standard weight and fineness. Now if that is the case it seems to me there is no necessity for the silver bar at all, for if persons had to pay in gold and to obtain for that gold a warrant, which would have a legal tender throughout the world, there is no necessity for any silver in the matter. He also has not told us what proportion of gold is bound to be held by the issuing bodies, such as the Bank of England, or the Reichsbank, or the Bank of France, or the Treasury of the United States. I presume there should be always gold coin ready to hand when any persons wish to have repaid them the gold they had advanced to procure this paper warrant. I presume it would be necessary in any international agreement that there should be a clause stating what proportion of gold coin should be held by each of the States to enable them to do that which they are bound to do according to his proposition, namely, to pay to anybody who asks them in gold coin for those warrants. Now, it is quite clear to me, if they were to be like gold certificates of the United States, that is that each State should be bound to hold 100 per cent. of gold coin in answer to these warrants, and 100 per cent. of silver too, they would be holding two metals instead of one to answer the same document. I do not think that is what Mr. Chevassus means, but in any way it appears to me that 100 per cent. of silver is to be held against these warrants ; but he also purposes that there should be a sufficiency of

gold, though he does not state in what proportion, to pay them all if necessary. I think it is absolutely necessary that some explanation should be given of that portion of his proposition, which, at the present moment, I cannot entirely understand. Then I should like also to remind him that he has not mentioned what the standard of value is to be throughout the world, but I rather take it that if his proposition was carried out, the standard of value throughout the world would in point of fact be gold and nothing else, and, as at the present moment, the standard of value in the United States and the Latin Union, and to a certain extent in Germany, is what is called a lame standard—that is gold—and that anybody can pay their debts in silver, provided it is coined silver, it appears to me there would naturally supervene, if this plan is carried out, a necessity either to alter the standard in those countries to be one of gold, or there would be the lame standard throughout the world—that is, there would be a standard of gold, whether in bars or coins, and there would be a silver standard to the extent that these silver bars or their representative certificates were issued. I think that is a point he seems hardly to have taken into consideration. Then, in the elaborate proposition he has made respecting what is to take place in India, he has given encouragement to that notion that there is an immense amount of stored gold in India which, provided it could be coined, could be brought into circulation. I think that is a doubtful point, but we have had it asserted by those who have studied the question thoroughly that this amount of hoarded gold exists in India and might be brought out into circulation in the world.

Mr. SELBY: I have listened with a great deal of interest to the paper which has been read, but with much doubt as to its practical benefit. I observe on page 518 Mr. Chevassus suggests that a bar of silver shall be delivered in exchange for the relative warrant. I have not observed that there is any requirement that the warrants should be paid in gold, but that a bar of silver should be delivered to the holder of the warrant, and the holder should sell the bar at its market price. I fail to see that steadiness of the ratio between gold and silver can be promoted by warrants exchangeable for silver on such conditions. But it appears to me that in many discussions on this standard question there is a great want of definition. Standard value is spoken of in the same way that we should speak of standard of weight or standard of measure. Now the standard of value is essentially wanting in the characteristics of these standards. It is variable. You cannot find an absolutely fixed standard, and when we speak of a gold standard we mean that we choose to represent the ratio of value between gold and other commodities in fixed terms of gold instead of fixed terms of commodities. The chief requirement of any standard of value which can be maintained appears to me to be that it must be of an international character. It must be something which is available for the payment of international debts. What the

nature of the article may be is not so material as that it should be generally valued by the nations of the world, and gold and silver from time immemorial have borne that character more than any other articles; but in the nature of things wheat or iron might be equally made a standard. I can see no reason why gold and silver should not be amalgamated and made legal tender in proportions—not altogether the one or altogether the other—but that certain proportions of each should be legal tender. If I had to claim £100 the debtor should be entitled to pay me so many ounces of silver and so many of gold, and the basis of an international standard of value would thus be very greatly enlarged. The chief use of a standard of value, as Mr. Chevassus pointed out, is not to pass from hand to hand in the daily operations of life, but to be hoarded either in banks or monetary institutions, or, in case there is a want of confidence in these, to be hoarded by any private individual in a form which he feels he can always depend upon as available to obtain for him the more bulky commodities upon which he relies for subsistence. The word “currency” is another which is very greatly misunderstood, as it appears to me. The ordinary currency of life is indicated by the word, but we very often find it indiscriminately applied as equivalent to “standard of value.” We also find objection made to a silver “currency,” on account of its bulky nature. It is said that silver is a suitable currency for a poor country, and gold for a rich country, but practically our “currency” is paper, and any token will suffice for all true internal currency purposes. Another term that leads to great confusion is money. We speak of our currency as “money,” and we speak also of loanable capital as “money.” When we speak of the “value of money” we mean the rate of interest which capital will command instead of the quantity of commodities which a defined sum of money will purchase, and that leads to a great deal of confusion in the public mind, for money is generally dear in one sense when cheap in another. The subjects thus touched upon are of great importance, and are complicated and most difficult to understand. But that complication and that difficulty are immensely aggravated by the want of clear definitions of the terms we employ.

MR. NATHANIEL CORK: Without attempting to follow the remarks made by previous speakers, it seems to me that the subject of the lecture to-night is in itself so very vast that we need not go very far afield for criticisms. I feel very much indebted to Mr. Chevassus for his able paper, and I am sure we all feel, whatever may be our opinion as to his views upon the subject of silver and international currency, that a valuable contribution to this important subject has been made to-night. I think most Englishmen are hoping that in the course of time the great international currency will be represented by our own sovereign—the pound sterling. We see that the sovereign has become the coin of the Colonies, and possibly some day or another India will also adopt the sovereign as the coin of account. That

being so we have no desire to resort to any device for the adoption of silver as a standard, considering its great fluctuations in value. Mr. Chevassus has pointed out, and I think it is well it should be noticed, that the production of silver in comparison with gold has not been in such a degree as would justify a great fall in silver. That is a fact which must be admitted up to the present point, and that I think is abundantly explained by another fact which Mr. Chevassus will know better than anyone else in this room, viz., the vast amount of silver hoardings which were brought out by the French people in 1872. That alone was like the discovery of enormous mines, and alone was sufficient to cause a great depreciation in silver. But at this moment it is perfectly obvious that any rise in silver would cause a great increase in the production. The rise which Mr. Chevassus has suggested would lead to such a development of silver mining in the United States and Australia that even in a single year the production might be doubled. We know that in Australia the production of silver, which has only commenced this year, is likely to lead to very great results. One mine already has produced at the rate of £20,000 worth of silver a month for the last five months. That is not only in one part, but mines in other districts of Australia are being opened, and the production is likely to be very large. The great difficulty with regard to Mr. Chevassus' proposal to my mind is this: He suggests that international silver warrants, based on the proportion of $15\frac{1}{2}$ to one of gold, should be issued; but he does not tell us who is to bear the loss of 20 per cent. upon the issue of these warrants. This country is to buy silver to the tune of 50 millions sterling. The loss at the present moment upon that purchase would be something like 10 millions. We in this country should lose this amount, and possibly France would gain something like 10 millions. That is one objection in the way of the acceptance of Mr. Chevassus' proposition, which is a vital one. It makes the whole thing utterly impracticable. No Government in this country would buy silver at 5/- per ounce when its market price is only $47\frac{1}{4}$ d. There are many points in the paper which ought to be noticed, but I will not attempt to go through them. I cannot follow Mr. Chevassus at all when he says that practically gold labours under the same objection as silver in cumbrousness. No one would dream of carrying £10 of silver, but it is not an uncommon thing to carry £10 in gold. We know that a porter can carry £5,000 in sovereigns from Lombard Street to the Bank of England, but it would take 20 porters to carry £5,000 in silver. Mr. Jevons has made an estimate of the amount of silver that would be required in one day's transactions at the London clearing-house if the transactions took place in that metal. He made the transactions to amount to 2,500 tons. Mr. Chevassus has argued that the adoption of the silver warrant would be a great saving in interest. I cannot understand what he means. A man holding a silver warrant would have a lock-up of capital the same as if he held

bullion or tea or any other product ; and I ask who is to be the ultimate loser by the constant depreciation of silver ? Another point is that we must always remember that the final settlement of exchange must be always made in bullion. The Bank of England note would answer the same purpose as a silver warrant in the settlement of exchange. They would equally be promises to pay on demand. If you send a promise to pay on demand to America it merely changes the form of indebtedness. It does not pay off your indebtedness. That is a point Mr. Chevassus seems to have overlooked.

MR. HARVEY : I should like to add my mite of thanks to those already given to Mr. Chevassus for his interesting paper. The first point I notice is on page 516, where he speaks of this new currency as "being called into existence." I am not aware that this new currency can be "called into existence," except by paying for it. Moreover, there must be a considerable allowance for the difference between the actual cost of these bars and their nominal value, at this "legal fixed ratio." Not unnaturally, this "legal fixed ratio" arouses a good deal of Mr. Schmidt's criticism. He, as an ardent bi-metallist, wants these two metals, the yellow and the white, wedded. Well, they have been wedded before now in other countries, and Governments have declared what shall be the relation between them. But the fact has always been that their domestic arrangements were eminently unsatisfactory, and, whenever you called, you found one of them "not at home." In other words, the over-valued metal is always exported. And this must be the case, for the same causes which regulate the value of gold and silver as respects other things, determine their value relatively to one another, and, therefore, as the circumstances of production of both are constantly changing, it is contrary to principle to make, by law, a fixed equation between them. I come next to sub-head 6, and ask, What about the countries who are to enter into this arrangement ? Mr. Chevassus quotes France, England, Germany, and the United States. But there are other places very much interested in the silver question, and who are supposed to sympathize with the matrimonial scheme that Mr. Schmidt is so interested in, and one would not like to have the convertibility of these silver bars to depend upon their credit. Yet when you have brought these countries into this international agreement, you have placed them on the same footing as England, or Germany, or the United States. Sub-head 12, on page 519, says : "Every country, party to the treaty, shall, on the expiry of the treaty, be responsible for the redemption in gold." That seems to me to introduce a great difficulty. Gold still dominates, and the question occurs, where could the poorer nations get the gold necessary to convert these bars ? Again, sub-head 9 arranges for the transfer of these bars, and in the note on page 526, a hint is given that the Bank of England might hold them. Well, the assets

of the Issue Department now are solid enough—Government debt and bullion,—the latter in their own vaults. But these, “individualised” bars might not be in the vaults, they might be in the hands of any one of the comptrollers,—in a besieged Paris, for instance, or in the hands of a State with whom we were at war. In a word, one of your assets becomes subject to every form of international disorder. Turning to page 525, a friend of mine points out that where shipments of gold are made, they are at once covered by purchases of bills at the rates of transmission, and that, therefore, the considerations alluded to are scarcely operative. As to remitting at par, on page 526, the idea conveyed or understood by that might be that you could remit at par if you had got a perfect equality of intrinsic value in currency of the two countries. Well, you have that with Australia at this moment, and yet the bills on London are very often at a premium. The only point that these certificates would touch would simply be the very small point depending upon the difference in the intrinsic value of the coin. But, as we know, the course of exchange depends upon principles and considerations having a wider area of influence than this. Now, as to the payment of cab fare, alluded to at p. 529, it is clear to my mind the cabman would not take the warrant of paper unless he was ordered to by its being made legal tender. He would like the coin best. He would not care for this little warrant, which represents 25 grammes, and personally I should not like to have to explain it to him. In other words, you must come to the legal tender question, and to bi-metallism. Mr. Schmidt is quite right there. He will have his wedding or nothing at all, and it must be a complete wedding, and I think his criticism on Mr. Chevassus’ paper is right. Besides, I should like to know what is to be the case of anything below 3s. 11d. 3s. 11d. is 25 grammes, that is, paper. Below that we have coin. But think of the forgery of these small notes. We should be in the position of the Confederate General, who said he had money whenever he had a printing press. I wish that hint on page 532 had been a little stronger. I cannot imagine that we ought lightly to discuss the shutting up of the Indian Mint. I think, if there is a point on which we in this country should be like a flint, it should be in maintaining thoroughly the contract with the Indian people, the free coinage of silver in the Mint. I wish Mr. Chevassus had seen his way to base that on something better than a concession to the prejudice of the uneducated Hindoos. Speaking of the excess of silver, Mr. Chevassus illustrates the production in a diagram, but he made no reference to the demonetization of silver by Germany, obviously one of the most important factors in the problem.

On the general question of the advantage of international money, we are, I imagine, all agreed. To the Commission of 1867, a universal currency appeared feasible; in 1878, it had got to be doubtful; and in 1881 it was swamped by bi-metallism, and has never got to the

surface since. Nevertheless, the utility of the idea cannot be doubted. Think of having price-lists, wages, rates and statistics of the whole world, or at least of the great commercial nations, all in one currency. But the universal currency must be *coin*, and not *paper*. The assets of each great national bank must be in its own vaults, not in the hands of comptrollers, all the world over. In a word, I don't think Mr. Chevassus' scheme practicable. His ideas lead to bi-metallism, and I think he is open to Mr. Schmidt's objection. If we are to have bi-metallism, let us have it directly and avowedly, and not by a sort of surprise like King Charles's head in Mr. Dick's Memorial.

The PRESIDENT: I do not see anybody else rising, and the time is somewhat advanced, so I think we might conclude; but before doing so, of course it will be your wish and pleasure, I am certain, to accord to Mr. Chevassus a very hearty vote of thanks indeed. I am sure I may take that as the unanimous feeling of this meeting, whatever our sentiments may be. Mr. Chevassus will reply, I have no doubt, to many of the criticisms which have been passed, when he rises to reply to the vote of thanks. Meanwhile, we are somewhat poetically inclined to-night. I think I would stray into the region of poetry also in one or two remarks, to enliven somewhat a heavy subject. The pith of the whole question is in the ratio of the two metals, and whether it can or cannot be established on a permanent basis. I look back into history—to begin with Shakespeare. You will remember, in the *Merchant of Venice*, when the Prince of Morocco is looking at the three caskets, one of which contains Portia's portrait, the three being—one of gold, one of silver, and one of lead. He says:—

“ Or shall I think in silver she's immured,
Being ten times undervalu'd to try'd gold;
O sinful thought !”

So in Shakespeare's time the ratio was as 10 to 1. Shakespeare was a very close observer of fact, and I have had the curiosity to confirm, by looking into the authorities, that fact, and it was as near as possible 10 to 1. We follow down the centuries, and we find with each century a rise. About the 17th century it was 13 to 1; at the beginning of the 18th century, about 15 to 1. From 1700 to 1850 it was fairly steady, between 15 to 1 and 16 to 1. Since 1872 the variations have been considerable. In 1879 it was 18 to 1; at the present moment it is something more than 19 to 1. The question of production I am not going into, though I would like to mention the facts as they really are. It seems to me to have been, if I may say so, somewhat scantily treated to-night, in fact put aside altogether by one or more speakers as immaterial. To that I demur. The total production from 1850 to 1870 was about 8 millions annually. From 1870 to 1875 it was about 15 millions annually. In 1876, 1877, and 1878 it was about £18,500,000 annually. From 1879 to 1881, £20,000,000; in 1882 and in 1883 it was £22,500,000. A

very remarkable and a very great increase in the production in the world of silver ! That production, if Mr. Cork's statement is correct, and I accept it as correct, the discovery of silver in other countries than America and Mexico, which are the principal silver producing countries now, is likely to be great, is certain to be much increased. It seems to me, therefore, that this pursuit of a fixed ratio, which Mr. Chevassus has taken at the magical ratio of $15\frac{1}{2}$ to 1, is like that of the *ignis fatuus*, and may lead us into bogs and quagmires before we can catch it. I must not further trench upon this subject at this hour of the evening. It is a fascinating one to follow out in its details ; but with these few statistics, first, as to the gradual increase of ratio, then as to the enormous increase of production, I leave the subject, and only ask you to accord to Mr. Chevassus a very hearty vote of thanks indeed.

Mr. CHEVASSUS, in reply : I must, in the first instance, thank you for the vote of thanks so amiably proposed by the President, Mr. Herbert Tritton, and so cordially agreed to by yourselves.

With regard to Mr. Schmidt's remarks, they appear to me to resolve themselves into one or two points. In the first place, as to the question of legal tender. I certainly did not think that I left it in any way doubtful in my paper, that silver warrants would be legal tender. They are so declared in the very first clause out of the 12 into which I divided my proposition. Then as to unlimited coinage. Mr. Schmidt took me a great deal to task because I did not go in for unlimited coinage of silver. Mr. Harvey has done the same later on, and thinks that I have introduced bi-metallism surreptitiously. I have not introduced anything in my proposition surreptitiously ; I have done so deliberately. I am of opinion, personally, after an experience of, and a residence in England, extending over some 30 odd years, that Englishmen will not, for a very long time to come at any rate, and then under circumstances which we cannot foresee, agree to the unlimited coinage of silver ; but it does not follow that they would agree to no use of silver whatever, as legal tender. Under my proposition, you could make use of silver to some extent—to a considerable extent if you wished it ; but you would not put it in the power of a holder of silver bullion, or of an owner of silver mines, to place his products on a market ready made for him, as is the case with the holders of gold bullion. But silver warrants *must* be legal tender ; the very essence of a metallic currency being that it shall be legal tender. If gold was not legal tender in England, anyone coming with gold to England would be no better off than anyone coming to England with silver now: the present position being based upon the fact that gold is legal tender. As concerns the possible greater absorption of silver in the East, by the introduction of railways in China, to which Mr. Herbert Tritton himself made allusion last month, and which Mr. Schmidt brings forward again now, I do not see how this affects my proposition adversely,

because the greater the absorption by the East, the more likely it will be that the use of silver for international silver bars will absorb the balance of supplies. Therefore, the ratio adopted between the Governments would be maintained, simply because there would be no silver offering outside that ratio. As to all the evils which Mr. Schmidt seems to lay upon the demonetization of silver, I cannot agree with him. Perhaps I may be allowed to read one passage at the end of my paper again, where I have stated that "the phenomena of trade are the outcome of too many factors, some of them in harmony with each other, some of them in hostility, for it to be wise to attribute to metallic currency, either the paramount capacity for good, or the power for mischief which opponents in the battle of the standards, so sweepingly accord to it." Take the production of wheat for instance, to which Mr. Schmidt alluded in speaking of the depressed state of agriculture in England, it appears to me that the production in the States is a far more important element in the price than the production in India.

Mr. SCHMIDT: Why?

Mr. CHEVASSUS: Because the production there is very much larger. There can be no doubt that if this country had not to reckon with the production of wheat in the States, and nothing but Indian production came into the market, you would not get anything like the fall in price in home wheat which you would otherwise get: that is in the case of American production alone coming into the market to compete with home wheat; showing that the production of wheat in India is *not* the chief element in the depression of English agriculture. I do not see, moreover, that silver has any effect on American production, similar to what it has on Indian production, and I cannot, so far as wheat is concerned, catch the argument as telling *against* my proposition. But I repeat that I do not think that metallic currency has any such influence upon prices, as is taken for granted, and after all that is what this point resolves itself into. Metallic currency is but a small portion of that which affects prices. No addition to it, even the whole production of one of the precious metals, can possibly in a short space of time affect them to anything like the degree that other causes are continually affecting them. Mr. Schmidt also speaks of my being in advance of public opinion in the proposal I have made. I think I may perhaps quote a remark which Mr. Tritton made to me, although it was made privately. He said, "That is the case with all pioneers." I think that disposes of that objection, because the proposal should be considered on its merits, and not as to whether I am in advance of public opinion. Sir Rowland Hill was in advance of public opinion when he proposed the penny postage, but I do not think anyone will propose to go back to the old rates. I now come to Mr. Grenfell's remarks. Mr. Grenfell asked me why I should chose silver at all? Why bring silver into the question at all if the document

is to be payable in gold? That question must have arisen because of my not having made myself quite clear. A Government may issue paper to any extent, if it is called upon to do nothing but issue paper; but if it is called upon to issue that paper against a certain fixed amount of precious metals, this alone puts a limit upon it. In fact Bank of England notes are issued upon that principle. 14½ millions sterling of bank notes are issued upon Government credit, and the rest is issued against gold. The fact of permitting warrants to be exchanged for gold is to give that general convenience to any holder which he ought to have in an international currency, so that he may be able to get either gold or silver, as he likes. But anyone who can receive either gold or silver for a silver warrant, would not necessarily call for one or the other. You do not change a Bank of England note for gold simply because you have a right to do so. You change it, because you happen to want gold at the particular moment; but, as a general rule, you do not want gold. You prefer paper, because it is lighter; it can be sent through the post, and otherwise conveniently dealt with.

I am afraid I cannot get through all the questions put, considering that time is up; but as regards the remark of Mr. Cork about interest, I do not see how anybody holding silver warrants, which would be legal tender at all times and in all countries parties to the treaty, and which he may exchange either against coin or paper in the currency of the country where he happens to be, can be looked upon as having a portion of his capital immobilised, any more than if he holds a Bank of England note. You do not hold a £5 note in your pocket-book, or five sovereigns in your purse, unless you intend shortly to use them. If you do not want them, you pay them in to your bankers, and in the same way you would pay in a silver warrant. It would be exactly the same thing as if you were paying in silver or gold. As to the shutting up of the Indian Mint, brought forward by Mr. Harvey, as not having been sufficiently strongly disavowed by me, I mentioned it simply as a measure that had been proposed; but it is evident that, without going too deeply into the question, I could not have said much more than I have said, nor do I perceive in what way the argument bears on my proposition, as I do not recommend the closing of the Indian Mint. With the question of the causes of the depreciation of silver, I must conclude my remarks, and I cannot do better than quote the following passage in Mr. Giffen's "Essays on Finance" (page 197, Third Edition). I may preface it with the remark that I have made it a point in my paper of going to the advocates of the single gold standard for arguments whenever I could, as I did not see that it was any good making use of the bi-metallic argument pure and simple, while, on the contrary, whenever bi-metallists agree with gold standard mono-metallists, it appeared better to take the latter's own argument. Mr. Giffen says:—"I purpose to say little as to the causes of depre-

" ciation of silver. There is now a very general agreement that these
" causes are the demonetization of silver by Germany, the restriction
" of silver coinage by the Latin convention, the increased supply
" from American mines and the diminished absorbing power of India,
" whether temporary or permanent, through the increase of the
" indebtedness of India to England."

I am not aware that bi-metallists give any but those reasons for the depreciation of silver, and as they and the gold standard mono-metallists give the same reasons there appeared no present occasion to discuss this aspect of the question.

Allow me just one remark more with regard to the transfer of silver warrants, as this point appears to have been misunderstood. There would be a single individual warrant corresponding to each individual bar, and the moment the warrant would be transferred, whether the bar were in England, in New York, Paris or Berlin, it would belong solely to the holder of the warrant, and therefore there would remain no necessity for the moving of the bar itself at all. It is perfectly indifferent to the owner of the bar where it is, provided he knows he can get it whenever he should happen to want it. Therefore the rate of exchange would be found to be the same whether the silver bar was in New York or in London (1).

(1.) It will be obvious that the holder of a warrant for a specific bar of silver, which cannot be delivered up to anyone except on presentation of the warrant, is in a very different and more secure position than the holder of a promise to pay gold—or silver for that matter—out of a reserve which all holders of similar promises are entitled to draw upon equally with himself, and of which the total amount is always far below the total issue of such promises.

The author of the paper wishes to add that, having only had, by force of circumstances, six or seven minutes in which to reply to an hour's discussion, he inevitably had to deal much too briefly with what was said by the several speakers; but he will be glad to do so more fully privately through the Secretary of the Institute.

NOTES ON RECENT ADDITIONS TO THE LIBRARY.

The Law of Money Securities.—By C. CAVANAGH, LL.B., Barrister-at-Law.* (Second Edition.)

SINCE the publication of the first edition of this work, considerable alteration has been made in the law concerning the subjects treated of, especially by the passing of the Bills of Exchange Act, the Bills of Sale Act, and the New Bankruptcy Act. The second edition will therefore be welcome to many members of the Institute. It is not easy to mention any other single volume which contains within its four corners more matter of practical importance to bankers, or of which it may be more truly said with Mr. Moxon, that "it should be studied by every practical banker."†

The work is divided into four parts, the first being Personal Securities or Securities on Credit, which comprises Bills of Exchange, Cheques, Bank Rates, Post Office Orders, Life Policies, and the like. The second part treats of Funded Securities or Securities on Property, as Mortgages, Bills of Sale—that important subject now under consideration by the Council of the Institute—Pledges under the Factor's Acts and Liens. The third part contains, amongst other things, an explanation of the discount market, and a very clear account of the constitution and working of the Stock Exchange; and in the fourth part will be found much valuable information with regard to Collateral Securities, Stamps, and remedies on Securities. The Appendix contains several important Acts of Parliament. The book is one that may profitably be consulted, not by members of the legal profession only, but by all engaged in commerce or finance, and the fact that the book is written in a clear, intelligible style, not overloaded with technical phraseology, will render the perusal of its pages a more pleasant task than is usually the case with legal works.

The History of Australia. In three Volumes. By G. W. RUSDEN.‡

The Quarterly Returns of the Australian Banks, which are published from time to time in the *Journal*, taken in conjunction with the late Mr. Edwin Brett's interesting paper,§ afford abundant evidence of the position and progress of the Colonial banks, as well as of their

* London, 1885. Wm. Clowes & Sons, Limited.

† *Journal of the Institute*, Vol. VI., p. 480.

‡ London: Chapman & Hall.

§ *Journal of the Institute*, Vol. IV., Part I.

enterprise in the early days of the Colonies, under circumstances of considerable and often unexampled difficulty. To those who can read between the lines, and to the banking historian of the future, these Returns will be invaluable. But to the general reader, some acquaintance with the history of the Colonies is desirable to enable him, not only to appreciate the fluctuations in the figures presented, but also to realise the great strides made by Australian banking since the first bank was opened in 1816.

The author of the above work has sketched the history of the Australian Colonies from the period of their first discovery, passing in review, in a very interesting manner, the events from that time until a comparatively recent date. An account is given of the establishment of the Bank of New South Wales, through the active aid of Governor Macquarie; and also of the formation of the first Savings Bank in 1819, where minimum deposits of half-a-crown were received, on which interest was allowed at the rate of $7\frac{1}{4}$ per cent. The difficulties experienced from the want of circulating medium, and the confusion occasioned by the heterogeneous nature of the currency, are also referred to.

The history of the Wool Trade will be read with interest by Australian bankers, through whose hands a great and increasing proportion of the wool now passes. In 1818 it is related that the freight of the wool to London amounted to $4\frac{1}{4}$ d. per lb.—about nine times the present rate—and a bale of Australian wool is recorded as having been sold at ten shillings and fourpence per pound, which would probably not now realise eighteen-pence. A considerable portion of the second volume is devoted to the gold discoveries, and to the influence they exercised on the development of the Colonies.

MISCELLANEA.

INSCRIBED STOCK DEPOSITS.—The following Circular, dated Nov. 2, 1885, has been issued:—

The Directors of the Union Bank of Australia, Limited, are prepared to receive in London, Inscribed Stock Deposits, in amounts of Fifty pounds and upwards, bearing interest from date of deposit at the rate of Four per cent. per annum, the Interest being payable half-yearly, on the 1st January and 1st July, to the Registered Holders. These Stock Deposits will be inscribed at this Office and will be transferable, in sums of Ten pounds and upwards (but no transfer to contain shillings or pence) by ordinary transfer deed without charge by the Bank, and Stock Certificates will be issued. The

Inscribed Stock Deposits will be repayable at the option of the Bank only, and on its giving twelve months' previous notice to the holders at their Registered Address. In the event of repayment being made on or after 1st January, 1905, it will be at par (being at the rate of £100 for every £100 of Stock Deposits); but if prior to the 1st January, 1905, it will be at a premium of One per cent. (being at the rate of £101 for every £100 of Stock Deposits.) Holders of London Office Deposit Receipts of the Bank can exchange them for Inscribed Stock Deposit Certificates of an equal amount, free of charge, on application. The Inscribed Stock Deposits will be secured upon the general Assets of the Bank, and will rank *pari passu* with its other Deposits. It is intended to apply in due course to the London Stock Exchange for an official quotation, which will give the advantage of negotiability to the Stock.

QUESTIONS ON POINTS OF PRACTICAL INTEREST.

THE COUNCIL desire to express their readiness to receive at all times questions which are of general interest, and in regard to which it would appear desirable to assimilate the practice of bankers.

The following questions have been received, and answers are appended, which, after careful deliberation, the Council have approved :—

Per pro. endorsement—Title.

QUESTION 356.—A cheque drawn payable to the Earl of Richmond was endorsed :—

P. P.,

The Earl of Richmond,

A. Wilson.

The cheque was returned—Endorsement irregular. What is the rule respecting Per Procurator endorsement of titles ?

ANSWER : This endorsement is correct. There is no special rule with regard to the per pro. endorsement of titles. The one here given appears clearly to identify the payee.

Returned Cheque—Banking house.

QUESTION 357.—A crossed cheque is presented by a provincial bank in the usual daily exchange, to a bank in the same town. At the end of the day the cheque is returned for want of cover, but within *bank hours* it is provided for and immediately followed. Is the bank to whom the cheque has been returned justified in refusing to accept

payment on the ground that they have returned the cheque to their clients? The contention is—the paying bank is entitled until closing time to take up the cheque. It is by courtesy the custom to settle the clearing a quarter of an hour before closing hours.

ANSWER: The bank presenting the cheque was under no obligation to retain it after it had been dishonoured. Having returned it to its customer it could not properly receive the amount.

Endorsement by Marksman.

QUESTION 358.—A cheque payable to John Brown, or order, is endorsed thus:

His
John x Brown
mark.

Witness Jno. Jones.

Is the above a legal discharge? Would the bank upon whom the cheque is drawn be justified in refusing payment, and whether the address of witness is given or not?

ANSWER: An endorsement may be made by a mark. The banker is not precluded from enquiry, before payment, of the validity of any endorsement. It is the practice to require the address of the witness.

Receipt—Stamp duty.

QUESTION 359.—A sum of money (£1,000) is cabled by a branch of a colonial bank abroad to its London office, for credit of A. B. The money is placed to the credit of A. B.'s account in London. He is advised thereof by letter, and a receipt for the amount requested, to which he replies as follows: "Your favour of the 20th inst. to hand, advising £1,000 to my credit, per cablegram. Does this receipt require to be stamped?"

ANSWER: The answer in the above terms appears to be only an acknowledgment of advice, and does not require a receipt stamp.

"Not negotiable."

QUESTION 360.—A cheque payable to J. F. Brown & Co., and crossed "not negotiable," is paid away to a third person, who crosses it thus: "Blank Bank a/c. F. Smith." Is the paying banker

justified in returning the cheque marked as follows : "This cheque appears to have been negotiated ; should have come through Brown & Co.'s account."

ANSWER : The words "Not negotiable" must not be taken to imply any limitation of the negotiability of the cheque, but are merely an indication that the holder cannot give any better title to it than the person from whom he took it. Hence the paying banker was in error in returning the cheque with the answer given.

Per pro. Endorsement by Firm.

QUESTION 361.—Can a firm sign or endorse per pro. for another firm or person, or must a per pro. endorsement be signed by one person only, as :—

- (1) "Per pro. J. Smith,
J. Jones & Sons."
- (2) "Per pro. J. Smith,
J. Jones."

Are both these correct ?

ANSWER : Yes.

Banker's Licenses—Note Issue.

QUESTION 362.—Is a bank which issues bank notes compelled to have a distinct and separate license, and pay a separate £30 for every town where these notes are issued, or are four licenses sufficient ?

ANSWER : By 7 & 8 Vic., c. 32, s. 22, a banker must take out a separate license for every place where he issues notes, except that no banker who, on or before May 6th, 1844, had taken out four licenses for issuing notes at more than four places, can be required to take out more than four licenses to issue notes at the places named when the Act was passed. Should the banker issue notes at any other places a separate license would be required at each of those places.

Stamp Duty—Receipt.

QUESTION 363.—Does a request to a country banker to advise a customer's acceptance, payable at a London bank, require a penny stamp ?

ANSWER : Yes.

Promissory Note—Liability of Makers.

QUESTION 364.—John Smith kept a current account at the Gower Bank, Limited ; the balance was oscillating, sometimes Cr. sometimes Dr. In (say) January, 1880, the balance being then Dr., and the Bank having called his attention to it, he sent by letter to the manager a three months' joint and several pro. note, for £450, signed by himself and Peter Smith, and payable to the order of the Gower Bank, without any condition being in any way attached to the note or liability. The bank had a right to discount this note, and place proceeds to credit of John Smith ; but instead of doing this, they held it as equivalent to £450, so long as it was not withdrawn by the makers. It matured in April, 1880, notice of the same being posted the day after its maturity to Peter Smith, calling his attention to the matter. In the meantime John Smith's account was still oscillating Dr. and Cr. ; but at the end of the year 1880 he failed, his account being then Dr. £600. Had not the Gower Bank a claim against Peter Smith for the amount of the pro. note ? If not, how comes it that his liability ceased ? If the note were discounted, the liability would remain ; but as the bank held it in good faith as the equivalent to them of £450, does not the liability virtually remain the same ? Does not the fact of the non-withdrawal by the makers establish a liability against them ? Supposing John Smith had given the bank a lien upon all bills (not under discount) held by them, how would this affect the liability of both or either upon the pro. note per £450 ?

ANSWER : Due notice of the non-payment being given, the liability of Peter Smith would remain.

STAMP DUTIES ON BILLS OF EXCHANGE, PROMISSORY NOTES AND CHEQUES IN THE PRINCIPAL COUNTRIES IN THE WORLD.

The following table has been specially prepared for this *Journal*, and every care has been taken to insure correctness throughout up to the present date. In some foreign countries, however, the laws relating to stamp duties are frequently changed, and such changes will, of course, necessitate alterations from time to time in this table :—

United Kingdom of Great Britain and Ireland—

All drafts drawn on demand, at sight, or on presentation, must bear the 1d. stamp, which may be indicated by the ordinary impressed stamp, the 1d. Inland Revenue stamp, or two halfpenny postage stamps.

All drafts drawn after date and after sight, created in the United Kingdom, must be on *impressed* stamped paper, and all drafts drawn in the same form from the Channel Islands (Jersey, Guernsey, and the Isle of Man), and abroad; for negotiation or payment in the United Kingdom, must bear the *adhesive* foreign bill stamp.

All delegations and letters of credit, requesting payment of money on any fixed date, are liable to the *ad valorem* duty, and treated as foreign bills of exchange.

The following table applies to both inland and foreign bills of exchange :—

| | | | | | |
|--------------|---|---|------------------|-----|-----|
| | | | Not exceeding £5 | ... | 1d. |
| Above £5 and | " | " | 10 | ... | 2d. |
| " 10 | " | " | 25 | ... | 3d. |
| " 25 | " | " | 50 | ... | 6d. |
| " 50 | " | " | 75 | ... | 9d. |
| " 75 | " | " | 100 | ... | 1s. |

For every additional £100, or fraction thereof, 1s.

When bills of exchange are drawn in sets, it is only necessary to stamp *one* of the set with the full duty.

British Colonies.

Canada.

There are no stamp duties on drafts or bills of exchange.

Cape Colony.

Every cheque upon a bank ... 1d.

Every bill of exchange, promissory note, bank post bill, or other negotiable instrument for any lawful amount not exceeding £50 ... 6d.

Exceeding £50 and not exceeding £100 ... 1s.

And for every additional £100 or fraction thereof 1s.

Every bill of exchange drawn in the Colony, but payable out of the Colony, if drawn in sets of three or more on each bill of the set, one-third of the above rates.

East Indies.

Cheques and drafts on demand exceeding Rs.20 ... 1 anna

Drafts payable otherwise than on demand, but not more than one year after date or sight.

| | Rs. | Singly. Rs. A. | Set of 2 each part. Rs. A. | Set of 3 each part. Rs. A. |
|-------------------|--------|-------------------|----------------------------------|----------------------------------|
| Not exceeding | 200 | 0 2 | 0 1 | 0 1 |
| " | 400 | 0 4 | 0 2 | 0 2 |
| " | 600 | 0 6 | 0 3 | 0 2 |
| " | 1,000 | 0 10 | 0 5 | 0 4 |
| " | 1,200 | 0 12 | 0 6 | 0 4 |
| " | 1,600 | 1 0 | 0 8 | 0 6 |
| " | 2,500 | 1 8 | 0 12 | 0 8 |
| Every Rs.2,500 to | 10,000 | 1 8 | 0 12 | 0 8 |
| " 5,000 to | 30,000 | 3 0 | 1 8 | 1 0 |
| " 10,000 above | 30,000 | 6 0 | 3 0 | 2 0 |

Drafts payable at more than one year after date or sight.

| | Rs. | A. |
|---------------------------------|-----|----|
| Not exceeding Rs. 10 | 0 | 2 |
| " " 50 | 0 | 4 |
| " " 100 | 0 | 8 |
| For every Rs.100 up to Rs.1,000 | 0 | 8 |
| " 500 in excess of Rs.1,000 | 2 | 8 |

Natal.

Every cheque upon a bank ... 1d.

Every promissory note, bill of exchange, or first of a set of bills of exchange drawn in the Colony not exceeding £100 ... 6d.

For every additional £100 or fraction thereof ... 6d.

New South Wales.

Cheques or drafts on demand ... 1d.

For every bill of exchange or promissory note for £50 and every fractional part thereof ... 6d.

Drafts "on demand" must be drawn as original and duplicate ; when described as first, second, and third of exchange they are liable to the *ad valorem* duty.

The term "at sight" on bills of exchange has not the same meaning as "on demand," and a draft or bill of exchange, drawn "at sight," has to be presented for acceptance, carries the three days of grace, and is subject to the *ad valorem* duty.

New Zealand.

| | | | | | |
|--|-----|-----|-----|-----|-----|
| Drafts or cheques on demand | ... | ... | ... | ... | 1d. |
| For every bill of exchange or promissory note for £50 or fractional part thereof | ... | ... | ... | ... | 1s. |

Queensland.

| | | | | | |
|---|-----|-----|-----|-----|-----|
| Cheques or drafts on demand | ... | ... | ... | ... | 1d. |
| For every bill of exchange or promissory note for £50 and every fractional part thereof | ... | ... | ... | ... | 1s. |

Drafts "on demand" must be drawn as original and duplicate ; when described as first, second, and third of exchange they are liable to the *ad valorem* duty.

The term "at sight" on bills of exchange has not the same meaning as "on demand," and a draft or bill of exchange, drawn "at sight," has to be presented before acceptance, carries the three days of grace, and is subject to the *ad valorem* duty.

South Australia.

No stamp duty on bills of exchange.

Tasmania.

| | | | | | |
|--|-----|-----|-----|-----|-----|
| Cheques or drafts on demand | ... | ... | ... | ... | 1d. |
| For bills of exchange, &c., up to £25 | ... | ... | ... | ... | 3d. |
| Beyond £25 and up to £50 | ... | ... | ... | ... | 6d. |
| And for every £50 beyond or fraction thereof | ... | ... | ... | ... | 6d. |

Foreign bills, if drawn in sets of two for each bill, one-half ; if in sets of three for each bill, one-third of the same duty as on inland bills.

Transvaal.

| | | | | | |
|------------------------------|-----|-----|-----|-----|---------|
| Every cheque upon a bank... | ... | ... | ... | ... | 1d. |
| Every draft for £10 or under | ... | ... | ... | ... | 6d. |
| Above £10 and under £25 | ... | ... | ... | ... | 1s. 0d. |
| " 25 " 50 | ... | ... | ... | ... | 1s. 6d. |
| " 50 " 100 | ... | ... | ... | ... | 2s. 0d. |
| " 100 " 200 | ... | ... | ... | ... | 2s. 6d. |
| " 200 " 500 | ... | ... | ... | ... | 3s. 6d. |
| " 500 | ... | ... | ... | ... | 5s. 0d. |

Victoria.

| | | | | | |
|--|-----|-----|-----|-----|-----|
| Cheques or drafts on demand | ... | ... | ... | ... | 1d. |
| For bills of exchange and promissory notes up to £25 | ... | ... | ... | ... | 6d. |

| | | | |
|---|-----|-----|----------------|
| Beyond £25 and | „ | 50 | ...1s. 0d. |
| „ | 50 | „ | 75 ...1s. 6d. |
| „ | 75 | „ | 100 ...2s. 0d. |
| For every £50 or fractional part thereof | ... | ... | ...1s. 0d. |
| The maximum duty chargeable on any bill of exchange or promissory note, whatever be its amount or value, cannot exceed £10 | | | |

Western Australia.

| | | | | | |
|--|-----|-----|-----|-----|---------|
| Drafts or cheques on demand | ... | ... | ... | ... | 1d. |
| Bills of exchange for any sums up to £5 | ... | ... | ... | ... | 1d. |
| Beyond £5 and | „ | 25 | ... | ... | 3d. |
| „ 25 „ | „ | 50 | ... | ... | 6d. |
| „ 50 „ | „ | 100 | ... | ... | 1s. 0d. |
| For every additional £50 or fraction thereof | ... | ... | ... | ... | 6d. |

Argentine Republic.

The following rates refer to bills of exchange of 90 days or less. For bills of a longer period, a multiple of the rate for every 90 days or fraction thereof is charged:—

| Over | Argentine Currency. | | British sterling. | | | Stamp. |
|------|---------------------|----------|-------------------|----|------|-------------------|
| | \$ | £ | £ | s. | d. | |
| Over | 20 to | 100 = | 8 | 19 | 4 to | 19 16 10... 10 |
| „ | 100 „ | 250 = | 19 | 16 | 11 „ | 49 12 1... 25 |
| „ | 250 „ | 500 = | 49 | 12 | 2 „ | 99 4 1... 50 |
| „ | 500 „ | 750 = | 99 | 4 | 2 „ | 148 16 2... 75 |
| „ | 750 „ | 1,000 = | 148 | 16 | 3 „ | 198 8 3... 1 |
| „ | 1,000 „ | 1,500 = | 198 | 8 | 4 „ | 297 12 4... 1 50 |
| „ | 1,500 „ | 2,000 = | 297 | 12 | 5 „ | 396 16 6... 2 |
| „ | 2,000 „ | 2,500 = | 396 | 16 | 7 „ | 496 0 8... 2 50 |
| „ | 2,500 „ | 3,000 = | 496 | 0 | 9 „ | 595 4 9... 3 |
| „ | 3,000 „ | 3,500 = | 595 | 4 | 10 „ | 694 8 10... 3 50 |
| „ | 3,500 „ | 4,000 = | 694 | 8 | 11 „ | 793 13 0... 4 |
| „ | 4,000 „ | 4,500 = | 793 | 13 | 1 „ | 892 17 1... 4 50 |
| „ | 4,500 „ | 5,000 = | 892 | 17 | 2 „ | 992 1 3... 5 |
| „ | 5,000 „ | 6,000 = | 992 | 1 | 4 „ | 1,190 9 6... 6 |
| „ | 6,000 „ | 7,000 = | 1,190 | 9 | 7 „ | 1,388 17 9... 7 |
| „ | 7,000 „ | 8,000 = | 1,388 | 17 | 10 „ | 1,587 6 0... 8 |
| „ | 8,000 „ | 9,000 = | 1,587 | 6 | 1 „ | 1,785 14 3... 9 |
| „ | 9,000 „ | 10,000 = | 1,785 | 14 | 4 „ | 1,984 2 6... 10 |
| „ | 10,000 „ | 15,000 = | 1,984 | 2 | 7 „ | 2,976 3 10... 15 |
| „ | 15,000 „ | 20,000 = | 2,976 | 3 | 11 „ | 3,968 5 1... 20 |
| „ | 20,000 „ | 25,000 = | 3,968 | 5 | 2 „ | 4,960 6 5... 25 |
| „ | 25,000 „ | 30,000 = | 4,960 | 6 | 6 „ | 5,952 7 7... 30 |
| „ | 30,000 „ | 40,000 = | 5,952 | 7 | 8 „ | 7,936 10 2... 40 |
| „ | 40,000 „ | 50,000 = | 7,936 | 10 | 3 „ | 9,920 12 8... 50 |
| „ | 50,000 „ | 60,000 = | 9,920 | 12 | 9 „ | 11,904 15 3... 60 |

| Argentine Currency. | | | | British sterling. | | | | Stamp. |
|-----------------------|---------|--------|--------|-------------------|-----------|----|--------|------------|
| \$ | \$ | £ | s. | d. | £ | s. | d. | |
| Over 60,000 to 70,000 | — | 11,904 | 15 | 4 | to 13,888 | 17 | 9... | 70 |
| " 70,000 " | 80,000 | — | 13,888 | 17 | 10 | " | 15,873 | 0 4... 80 |
| " 80,000 " | 90,000 | — | 15,873 | 0 | 5 | " | 17,857 | 2 10... 90 |
| " 90,000 " | 100,000 | — | 17,857 | 2 | 11 | " | 19,841 | 5 5...100 |

Austria and Hungary.

| | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|-------|
| Cheques on demand, drawn on bankers, on the forms supplied by them... | | | | ... | ... | ... | 2kr. |
| Drafts on demand, or within 8 days' date or at 8 days' date | | | | 5kr. | | | |
| For bills of exchange drawn at not more than six months' date if drawn in the country, or twelve months' if drawn abroad, | | | | up to | fl.75 | ... | 5kr. |
| Above | 75 | " | 150 | ... | ... | ... | 10kr. |
| " | 150 | " | 300 | ... | ... | ... | 20kr. |
| " | 300 | " | 450 | ... | ... | ... | 30kr. |
| " | 450 | " | 600 | ... | ... | ... | 40kr. |
| " | 600 | " | 750 | ... | ... | ... | 50kr. |
| " | 750 | " | 900 | ... | ... | ... | 60kr. |
| " | 900 | " | 1,050 | ... | ... | ... | 70kr. |
| " | 1,050 | " | 1,200 | ... | ... | ... | 80kr. |
| " | 1,200 | " | 1,350 | ... | ... | ... | 90kr. |
| " | 1,350 | " | 1,500 | ... | ... | fl.1 | |
| " | 1,500 | " | 3,000 | ... | ... | fl.2 | |
| " | 3,000 | " | 4,500 | ... | ... | fl.3 | |
| For every fl.1,500 or part thereof | | | | ... | ... | fl.1 | |
| Bills of exchange drawn at a longer term than six months, or twelve months if drawn abroad, up to fl.20 | | | | ... | ... | ... | 07kr. |
| Over | 20 | up to | fl.40 | ... | ... | ... | 13kr. |
| " | 40 | " | 60 | ... | ... | ... | 19kr. |
| " | 60 | " | 100 | ... | ... | ... | 32kr. |
| " | 100 | " | 200 | ... | ... | ... | 63kr. |
| " | 200 | " | 300 | ... | ... | ... | 94kr. |
| " | 300 | " | 400 | ... | ... | fl.1 | 25kr. |
| " | 400 | " | 800 | ... | ... | fl.2 | 50kr. |
| " | 800 | " | 1,200 | ... | ... | fl.3 | 75kr. |
| " | 1,200 | " | 1,600 | ... | ... | fl.5 | 00kr. |
| " | 1,600 | " | 2,000 | ... | ... | fl.6 | 25kr. |
| " | 2,000 | " | 2,400 | ... | ... | fl.7 | 50kr. |
| " | 2,400 | " | 3,200 | ... | ... | fl.10 | 00kr. |
| " | 3,200 | " | 4,000 | ... | ... | fl.12 | 50kr. |
| " | 4,000 | " | 4,800 | ... | ... | fl.15 | 00kr. |
| " | 4,800 | " | 5,600 | ... | ... | fl.17 | 50kr. |
| " | 5,600 | " | 6,400 | ... | ... | fl.20 | 00kr. |
| " | 6,400 | " | 7,200 | ... | ... | fl.22 | 50kr. |
| " | 7,200 | " | 8,000 | ... | ... | fl.24 | 00kr. |
| Over 8,000, for every fl.400 | | | | ... | ... | fl.1 | 25kr. |

The receipt on such bill is stamped at the same rate, but each endorsement in accordance with the first table.

Bills or cheques drawn abroad upon places abroad, for every fl.100, or part thereof, 2 kr.

Bills of exchange drawn from Austria must be stamped on creation; those drawn from abroad on Austria must be stamped on acceptance at the Stamp Office.

Each and all of a set of bills (1st, 2nd, and 3rd), if circulated, must be stamped.

Belgium.

Stamp duty, $\frac{1}{4}$ per mille, i.e.:—

| | | | | | |
|---|-----|-----|-----|-----|------|
| For drafts up to f.200 | ... | ... | ... | ... | 10c. |
| „ Above f.200 up to f.500 | ... | ... | ... | ... | 25c. |
| „ „ f.500 „ f.1,000 | ... | ... | ... | ... | 50c. |
| For every f.1,000, or fraction thereof beyond | ... | ... | ... | ... | 50c. |

All drafts must be duly stamped on creation in Belgium, and any draft created abroad, and payable in Belgium, must be stamped before being endorsed or accepted in Belgium.

Brazil.

| | | | | |
|---------------------------------------|-----|-----|-----|-----------|
| On amounts up to Rs.200 \$000... | ... | ... | ... | 200 reis. |
| Above Rs.200 \$000 up to Rs.400 \$000 | ... | ... | ... | 400 „ |
| „ Rs.400 \$000 „ Rs.600 \$000 | ... | ... | ... | 600 „ |
| „ Rs.600 \$000 „ Rs.800 \$000 | ... | ... | ... | 800 „ |
| „ Rs.800 \$000 „ Rs.1,000 \$000 | ... | ... | ... | 1,000 „ |

And for every conto (Rs.1,000 \$000) or fraction thereof, 1 milreis.

Denmark.

Cheques are free from stamp duty. For drafts or bills of exchange, drawn at 14 days' date, or 8 days after sight, without regard to the amount of the draft ... 20 ore.

For drafts or bills of exchange, drawn at terms beyond the above periods:—

| | | | | | |
|-----------------|-----------------|-----|-----|------|---------|
| | Up to Kr. 1,000 | ... | ... | k. 0 | 20 ore. |
| Above Kr. 1,000 | „ 2,000 | ... | ... | „ 0 | 35 „ |
| „ „ 2,000 | „ 4,000 | ... | ... | „ 0 | 70 „ |
| „ „ 4,000 | „ 6,000 | ... | ... | „ 1 | 0 „ |
| „ „ 6,000 | „ 8,000 | ... | ... | „ 1 | 35 „ |
| „ „ 8,000 | „ 10,000 | ... | ... | „ 1 | 70 „ |
| „ „ 10,000 | „ 12,000 | ... | ... | „ 2 | 0 „ |

And so on.

France.

Stamp duty, $\frac{1}{2}$ per mille, commencing at 05c. for sums up to fr.100, and then a further 05c. for every succeeding fr. 100, or fraction thereof, up to fr. 1,000, after which 50c. for every succeeding fr. 1,000 or fraction thereof.

Bills drawn in France must be stamped on creation ; if adhesive stamps be used they must bear the signature, or be cancelled by the drawer, with the date and place of creation.

Bills drawn out of, but payable in, France must be stamped on acceptance, and the stamp must bear the signature of drawee or endorser, with the date of acceptance and domicile.

Bills in transit, *i.e.*, drawn *out* of and payable *out* of, but negotiated *in* France are only subjected to a stamp duty of $\frac{1}{4}$ per mille.

Germany.

| | | | | |
|---|-----|-----|-------|-------|
| For drafts up to M. 200 | ... | ... | ... | 10pf. |
| Above M. 200 | „ | 400 | ... | 20pf. |
| „ | 400 | „ | 600 | 30pf. |
| „ | 600 | „ | 800 | 40pf. |
| „ | 800 | „ | 1,000 | 50pf. |
| For every M. 1,000, or fraction thereof | ... | ... | ... | 50pf. |

Drafts on demand drawn to order are subjected to the same duty ; but cheques drawn on bankers against funds in hands, are free.

Greece.

For local *cheques*, payable “on demand,” the stamp duty is 10 centimes without regard to amount, and a further 10 centimes for receipting the same.

All bills of exchange or drafts “on demand” created in and payable out of, and those drawn out of and payable in, Greece, must be stamped before acceptance at the rate of 1 per mille, and a further 50 centimes stamp will be required for receipting such drafts.

Holland.

For drafts on demand, at three days' sight, or eight days' date, without regard to amount 05c.

For drafts or bills of exchange drawn at longer periods than the above :—

Under fls. 10 free.

| | | | | |
|---------------|----------------|-----|-------|--------|
| Above fls. 10 | up to fls. 100 | ... | ... | 05c. |
| „ | 100 | „ | 200 | 10c. |
| „ | 200 | „ | 300 | 15c. |
| „ | 300 | „ | 400 | 20c. |
| „ | 400 | „ | 500 | 25c. |
| „ | 500 | „ | 1,000 | 50c. |
| „ | 1,000 | „ | 1,500 | 75c. |
| „ | 1,500 | „ | 2,000 | fls. 1 |

And so on up to fls. 10,000, adding 25c. for every fls. 500.

| | | | | |
|-------------------|-------------------|-----|--------|-----------|
| Above fls. 10,000 | up to fls. 11,000 | ... | ... | fls. 5.50 |
| „ | 11,000 | „ | 12,000 | „ 6 |

And so on, adding 50c. for every fls. 1,000.

Bills of exchange on Holland, made payable in foreign countries, or drawn from foreign countries on foreign countries and negotiated in Holland, are subject to a fixed stamp duty of 05c

Italy.

Cheques or drafts on demand, provided the words "Bill of Exchange," are not inserted therein, without regard to amount 05c.

For drafts and bills of exchange, drawn up to six months,

| | | | | | | |
|----------------|----------------|-----|-----|-----|-----|------|
| | Up to lire 100 | ... | ... | ... | ... | 05c. |
| Above lire 100 | " " 200 | ... | ... | ... | ... | 10c. |
| " " 200 | " " 300 | ... | ... | ... | ... | 18c. |
| " " 300 | " " 600 | ... | ... | ... | ... | 36c. |
| " " 600 | " " 1,000 | ... | ... | ... | ... | 60c. |

For every 1,000, or fraction thereof 60c.

For drafts and bills of exchange, drawn beyond six months' date, the stamp duty is double the above rates.

Drafts and bills of exchange drawn in Italy must be stamped on creation. Those drawn out of, but payable in Italy are stamped on acceptance, at the rate of 60c. per mille.

The stamp for seconds or duplicates, of which the originals are duly stamped, is lire 1.20 for any amount.

Norway.

There are no stamp duties on drafts or bills of exchange.

Ottoman Empire.

All drafts, bills of exchange, cheques, promissory notes to order, etc., issued or put into circulation in the Empire, and made payable, either within the limits of the Empire, or in foreign countries, should be stamped as follows :—

| | | | | | |
|------|---------------|-----------|-----|-----|-----------|
| From | Pias. 1 up to | Pias. 100 | ... | ... | 10 paras. |
| " | 101 | " 1,000 | ... | ... | 20 " |
| " | 1,001 | " 2,000 | ... | ... | Pias.1 |
| " | 2,001 | " 4,000 | ... | ... | 2 |
| " | 4,001 | " 6,000 | ... | ... | 3 |
| " | 6,001 | " 8,000 | ... | ... | 4 |
| " | 8,001 | " 10,000 | ... | ... | 5 |
| " | 10,001 | " 15,000 | ... | ... | 7-20 " |
| " | 15,001 | " 20,000 | ... | ... | 10 |
| " | 20,001 | " 25,000 | ... | ... | 12-20 " |
| " | 25,001 | " 30,000 | ... | ... | 15 |
| " | 30,001 | " 35,000 | ... | ... | 17-20 " |
| " | 35,001 | " 40,000 | ... | ... | 20 |
| " | 40,001 | " 45,000 | ... | ... | 22-20 " |
| " | 45,001 | " 50,000 | ... | ... | 25 |

| | Pias. | Pias. | | | |
|---------------|----------------------------|---------|-----|-----|--------------|
| From | 50,001 up to | 55,000 | ... | ... | 27·20 paras. |
| " | 55,001 " | 60,000 | ... | ... | 30 |
| " | 60,001 " | 65,000 | ... | ... | 32·20 " |
| " | 65,001 " | 70,000 | ... | ... | 35 |
| " | 70,001 " | 75,000 | ... | ... | 37·20 " |
| " | 75,001 " | 80,000 | ... | ... | 40 |
| " | 80,001 " | 85,000 | ... | ... | 42·20 " |
| " | 85,001 " | 90,000 | ... | ... | 45 |
| " | 90,001 " | 95,000 | ... | ... | 47·20 " |
| " | 95,001 " | 100,000 | ... | ... | 50 |
| " | 100,001 " | 110,000 | ... | ... | 55 |
| And for every | Pias.10,000 or fraction of | | | | |
| | Pias.10,000 | ... | ... | ... | 5 |

Particular attention is called to the penalty for any contravention of these prescriptions, set out in Art. XXVIII. of the law which provides that :—"All bills of exchange and negotiable paper, commercial or otherwise, which are not drawn up on stamped paper, or which have not an adhesive stamp affixed to them, forfeit the advantages of the guarantee established by Articles LXXVI. and LXXVIII. of the Ottoman Commercial Code. All the endorsers are thus relieved from every responsibility for their endorsement, and the holder of the bill can have no recourse against any of them, in case of non-acceptance or non-payment. The drawer alone is responsible towards the holder, and that only if he cannot prove that he had made due provision for his draft."

Portugal.

Drafts on demand 10 reis.

Bills of exchange, etc., drawn otherwise than on demand in Portugal and payable there, and those drawn abroad, on and payable in, Portugal, must be stamped at the rate of 1 per mille, *e.g.*—

Rs.900\$000 require 900 reis.

900\$500 " 1,000 "

Drafts not accepted across the stamps, are invalid and cannot be protested.

Drafts drawn from abroad, accepted in Portugal, and made payable abroad, need not be stamped.

Drafts drawn in Portugal on foreign countries must pay at the rate of 20 reis for Rs.100\$000, but Rs.100\$200 would pay 40 reis and so on.

Firsts of exchange sent for acceptance must be delivered to the holders of the seconds, properly stamped.

The value of such stamps is not refunded by the party calling for the said firsts, the cost being paid in the rate of exchange at which the bills are negotiated.

Russian Empire.

All bills of exchange or drafts on demand created in Russia must bear the following stamps :—

| | Rbbs. | Rbbs. | | | R. | C. |
|-------------------|-----------|--------|-----|-----|----|----|
| Every draft up to | | 50 | ... | ... | | 10 |
| Above | 50 to | 100 | ... | ... | | 15 |
| " | 100 to | 200 | ... | ... | | 30 |
| " | 200 to | 300 | ... | ... | | 40 |
| " | 300 to | 400 | ... | ... | | 55 |
| " | 400 to | 500 | ... | ... | | 70 |
| " | 500 to | 600 | ... | ... | | 80 |
| " | 600 to | 700 | ... | ... | | 90 |
| " | 700 to | 800 | ... | ... | 1 | |
| " | 800 to | 900 | ... | ... | 1 | 15 |
| " | 900 to | 1,000 | ... | ... | 1 | 20 |
| " | 1,000 to | 1,500 | ... | ... | 1 | 90 |
| " | 1,500 to | 2,000 | ... | ... | 2 | 50 |
| " | 2,000 to | 3,200 | ... | ... | 3 | 70 |
| " | 3,200 to | 4,000 | ... | ... | 5 | 15 |
| " | 4,000 to | 6,400 | ... | ... | 6 | 80 |
| " | 6,400 to | 8,000 | ... | ... | 9 | |
| " | 8,000 to | 10,000 | ... | ... | 11 | 40 |
| " | 10,000 to | 12,000 | ... | ... | 13 | 80 |
| " | 12,000 to | 15,000 | ... | ... | 15 | 60 |
| " | 15,000 to | 20,000 | ... | ... | 21 | |
| " | 20,000 to | 25,000 | ... | ... | 27 | 60 |
| " | 25,000 to | 30,000 | ... | ... | 33 | 60 |
| " | 30,000 to | 40,000 | ... | ... | 42 | |
| " | 40,000 to | 50,000 | ... | ... | 54 | |

The basis of calculation for British sterling bills for the stamp requirements in Russia is 38d. per rouble.

Bills drawn in or accepted in Russia can be stamped with *adhesive* stamps up to Rbbs.800.

Bills can be accepted without Russian stamps by "barring" them on the back; but they must be kept in Russia at the disposal of their originals, and in no case may they be negotiated in Russia.

Spain.

| | | | | | |
|---|----------|-----------|----------|-----|------|
| | For sums | up to | ps.250 | ... | 10c. |
| " | Above | 250·01 | " 500 | ... | 25c. |
| " | " | 500·01 | " 1,000 | ... | 50c. |
| " | " | 1,000·01 | " 2,000 | ... | 75c. |
| " | " | 2,000·01 | " 3,000 | ... | ps.1 |
| " | " | 3,000·01 | " 5,000 | ... | 2 |
| " | " | 5,000·01 | " 7,000 | ... | 3 |
| " | " | 7,000·01 | " 10,000 | ... | 4 |
| " | " | 10,000·01 | " 12,000 | ... | 5 |

| | | | | | | |
|----------------|---|--------------|----|-----------|-----|------|
| For sums above | | ps.12,000·01 | to | ps.15,000 | ... | ps.6 |
| " | " | 15,000·01 | " | 17,000 | ... | 7 |
| " | " | 17,000·01 | " | 20,000 | ... | 8 |
| " | " | 20,000·01 | " | 22,000 | ... | 10 |
| " | " | 22,000·01 | " | 25,000 | ... | 12 |
| " | " | 25,000·01 | " | 30,000 | ... | 13 |
| " | " | 30,000·01 | " | 35,000 | ... | 14 |
| " | " | 35,000·01 | " | 40,000 | ... | 16 |
| " | " | 40,000·01 | " | 45,000 | ... | 18 |
| " | " | 45,000·01 | " | 50,000 | ... | 25 |
| " | " | 50,000·01 | " | 60,000 | ... | 30 |
| " | " | 60,000·01 | " | 80,000 | ... | 35 |
| " | " | 80,000·01 | " | 100,000 | ... | 50 |

All drafts drawn in Spain must be on impressed stamped paper, and any acceptance to a draft created out of Spain *must be written on the impressed stamped form.*

Sweden.

Inland bills created and payable in Sweden are free of stamps.

Drafts or bills of exchange drawn from abroad and payable in Sweden must, before presentation for payment, be stamped as follows :—

For sums from kr.100 up to kr.1,000 ... 50 ore

„ beyond 1,000, without regard to amount Kr.1

If the amount of the drafts is less than Kr.100 no stamp is necessary.

United States of America.

There are no stamp duties on drafts or bills of exchange.

WEEKLY RETURNS.

In £'s sterling 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending } | 1885. Oct. 28. 1 | 1885. Nov. 4. 2 | 1885. Nov. 11. 3 | 1885. Nov. 18. 4 | Nov. 25. 1885. 5 | 1884. Nov. 26. 6 |
|--|------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF ENGLAND. | | | | | | |
| ISSUE DEPARTMENT. | | | | | | |
| Notes issued | £ 35,527 | £ 35,402 | £ 35,446 | £ 35,604 | £ 35,991 | £ 34,747 |
| Government debt..... | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 | 11,015 |
| Other securities | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 | 4,735 |
| Gold coin and bullion | 19,777 | 19,652 | 19,696 | 19,854 | 20,241 | 18,997 |
| | 35,527 | 35,402 | 35,446 | 35,604 | 35,991 | 34,747 |
| BANKING DEPARTMENT. | | | | | | |
| LIABILITIES. | | | | | | |
| Proprietors' capital | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 | 14,553 |
| Rest | 3,058 | 3,077 | 3,085 | 3,096 | 3,108 | 3,113 |
| Public deposits | 3,049 | 3,107 | 2,886 | 3,069 | 2,995 | 5,596 |
| Other deposits | 26,976 | 25,917 | 25,161 | 24,122 | 24,823 | 22,290 |
| Seven day and other bills ... | 201 | 186 | 218 | 189 | 169 | 135 |
| Total | 47,864 | 46,840 | 45,903 | 45,029 | 45,648 | 45,687 |
| ASSETS. | | | | | | |
| Government securities | 15,224 | 15,123 | 14,315 | 12,980 | 12,309 | 13,313 |
| Other securities | 20,795 | 20,374 | 19,816 | 19,758 | 20,411 | 21,348 |
| Notes | 10,875 | 10,358 | 10,754 | 11,216 | 11,905 | 10,105 |
| Gold and silver coin | 970 | 985 | 1,018 | 1,075 | 1,023 | 921 |
| Total | 47,864 | 46,840 | 45,903 | 45,029 | 45,648 | 45,687 |
| Notes in the hands of the public..... | 24,652 | 25,044 | 24,691 | 24,388 | 24,086 | 24,642 |
| Reserve | 11,845 | 11,343 | 11,772 | 12,291 | 12,928 | 11,093 |
| Proportion of reserve to liabilities (per cent.) | 39.12 | 38.83 | 41.64 | 44.88 | 46.19 | 39.35 |
| Rate of discount | 2 % | 2 % | 3 % | 3 % | 3 % | 5 % |
| RATES OF EXCHANGE ON LONDON. | | | | | | |
| Paris, Cheque— (par £1 = 25f. 22½c.) | 25.20½ | 25.20 | 25.21 | 25.20½ | 25.19½ | 25.31 |
| Berlin, 8 days— (par £1 = 20m. 43pf.) | 20.33 | 20.34 | 20.33½ | 20.33 | 20.33 | 20.44 |
| New York, 60 days— (par £1 = \$4.867) | 4.88½ | 4.83½ | 4.82½ | 4.82½ | 4.82½ | 4.80½ |
| Calcutta, 4 m/d— (per rupee) .. | 1s. 6¾d. | 1s. 6¾d. | 1s. 6¾d. | 1s. 6½d. | 1s. 6¾d. | 1s. 7½d. |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks } ending | 1885. Oct. 29. 1 | 1885. Nov. 5. 2 | 1885. Nov. 12. 3 | 1885. Nov. 19. 4 | 1885. Nov. 26. 5 | 1884. Nov. 27. 6 |
|--|------------------------|-----------------------|------------------------|------------------------|------------------------|------------------------|
| BANK OF FRANCE. | | | | | | |
| (Converting the franc at 25 to the £) | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Public deposits | 7,379 | 5,699 | 5,557 | 6,879 | 7,212 | 6,348 |
| Private deposits | 16,148 | 15,097 | 15,004 | 14,388 | 16,385 | 15,902 |
| Notes in circulation | 112,801 | 113,704 | 113,085 | 112,707 | 111,902 | 114,593 |
| Other items | 12,498 | 12,691 | 12,872 | 12,697 | 12,631 | 12,634 |
| Total | 148,826 | 147,191 | 146,518 | 146,671 | 148,130 | 149,477 |
| ASSETS. | | | | | | |
| Gold | 45,902 | 46,078 | 46,090 | 46,367 | 46,503 | 41,313 |
| Silver | 43,798 | 43,831 | 43,719 | 43,801 | 43,733 | 41,253 |
| Bills | 28,710 | 26,963 | 26,886 | 26,167 | 27,769 | 37,342 |
| Advances | 17,954 | 17,881 | 17,746 | 17,902 | 17,672 | 17,459 |
| Other items | 12,462 | 12,438 | 12,077 | 12,434 | 12,453 | 12,105 |
| Total | 148,826 | 147,191 | 146,518 | 146,671 | 148,130 | 149,477 |
| Rate of discount | 3 % | 3 % | 3 % | 3 % | 3 % | 3 % |
| | 1885. Oct. 31. | 1885. Nov. 7. | 1884. Nov. 14. | 1885. Nov. 22. | | 1884. Nov. 22. |
| IMPERIAL BANK OF GERMANY. | | | | | | |
| (Converting the reich-mark at 20 to the £) | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | | £ |
| Notes in circulation | 38,749 | 37,708 | 36,888 | 35,839 | | 37,056 |
| Current accounts | 11,046 | 10,756 | 11,411 | 12,834 | | 11,866 |
| Other items | 7,089 | 7,096 | 7,092 | 7,088 | | 7,050 |
| ASSETS. | | | | | | |
| Coin and Bullion | 29,699 | 29,767 | 30,175 | 30,905 | | 27,905 |
| Bills and Loans | 21,896 | 21,070 | 20,992 | 20,913 | | 24,129 |
| Other items | 5,821 | 5,270 | 4,779 | 4,542 | | 4,448 |
| Rate of discount | 4 % | 4 % | 4 % | 4 % | | 4 % |

WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| For the weeks ending } | 1885. Oct. 3. 1 | 1885. Oct. 10. 2 | 1885. Oct. 17. 3 | 1885. Oct. 24. 4 | 1885. Oct. 31. 5 | 1885. Nov. 1. 6 |
|--|-----------------------|------------------------|------------------------|------------------------|------------------------|-----------------------|
| NEW YORK ASSOCIATED BANKS. (Converting the dollar at 5 to the £). | | | | | | |
| LIABILITIES. | £ | £ | £ | £ | £ | £ |
| Notes in circulation | 1,981 | 1,984 | 1,991 | 2,001 | 1,998 | 2,597 |
| Net Deposits | 77,072 | 77,459 | 77,559 | 77,038 | 76,896 | 63,198 |
| ASSETS. | | | | | | |
| Loans and Discounts | 66,152 | 66,380 | 67,094 | 68,049 | 68,872 | 58,345 |
| Specie | 21,418 | 21,694 | 21,126 | 20,123 | 19,407 | 15,486 |
| Legal tenders | 6,149 | 5,701 | 5,574 | 5,843 | 5,508 | 6,567 |
| Legal reserve (being one-fourth of net deposits) | 19,268 | 19,365 | 19,390 | 19,259 | 19,224 | 15,799 |
| Reserve held (consisting of specie and legal tenders) | 27,567 | 27,395 | 26,700 | 25,466 | 24,910 | 22,053 |
| Surplus | 8,299 | 8,030 | 7,310 | 6,207 | 5,686 | 6,254 |
| | 1885. Oct. 28. | 1885. Nov. 4. | 1885. Nov. 11. | 1885. Nov. 18. | 1885. Nov. 25. | 1885. Nov. 26. |
| MISCELLANEOUS. | £ | £ | £ | £ | £ | £ |
| Clearing-house returns | 85,940 | 123,989 | 92,765 | 124,585 | 86,307 | 90,129 |
| Average price of Wheat | 31s. 6d. | 31s. 4d. | 31s. 1d. | 31s. 0d. | 30s. 10d. | 31s. 1d. |
| Price of Consols | 100 $\frac{1}{8}$ | 100 $\frac{1}{2}$ | 100 $\frac{1}{8}$ | 100 $\frac{1}{8}$ | 101 | 100 $\frac{1}{2}$ |
| Bar silver, fine, per oz. standard | 47 $\frac{1}{8}$ d. | 47 $\frac{1}{2}$ d. | 47 $\frac{1}{2}$ d. | 47 $\frac{1}{8}$ d. | 47 $\frac{1}{8}$ d. | 49 $\frac{1}{2}$ d. |
| 3 % French Rentes | 80-12 $\frac{1}{2}$ | 79-60 | 80-5 | 79-85 | 79-80 | 78-92 $\frac{1}{2}$ |

SUMMARY OF EVENTS,

FOR THE YEAR ENDED 31ST OCTOBER, 1885.

- November 6, 1884. Melbourne Tramways, $4\frac{1}{2}$ per cent. Loan of £500,000, minimum price £100, allotted at £100 to £103 10s.
11. Koloniale Bank of Amsterdam stopped payment.
 14. Failure of Spartali & Co., of London.
 24. Announcement of amalgamation between Messrs. Vesey, Holt & Co., and Messrs. Lawrie & Son, under style of Holt, Lawrie & Co.
- December 4. Issue of 5 per cent. Greek Loan for £4,400,000, at £68 10s. per cent.
- Failure of D. Nicolopulo & Sons, of London.
 6. Franchise Bill received the Royal assent.
 11. Bank of Bengal rate of discount increased to 4 per cent.
 23. ————— to 5 per cent.
 24. Failure of Ingall Phillips & Co., of London.
 28. ————— Trunninger & Co., of London.
 29. ————— Baggallays & Spence, of London.
- January 1, 1885. Manchester & Liverpool District Banking Co., Limited, opened London branch.
- New South Wales Government Banking account divided among Associated Banks.
4. Issue of £60,000 Odessa Waterworks 5 per cent. Loan, at £90 per cent.
 - Failure of Edward Kendal & Co., of Valparaiso.
 5. Issue of £25,000 City of Auckland 5 per cent. Loan. Minimum price, £107. Average price of issue, £109.
 - Failure of Badart Frères, of London.
 8. Bank of Bengal, dividend for half-year, at 9 per cent., announced.
 - Bank of Bombay ————— 5 per cent., announced.
 9. Bank of Madras ————— 5 per cent., announced.
 - Issue of £1,000,000 New Zealand 4 per cent. Loan. Minimum price, £97 10s. Average price of Issue, £99 10s. 1d.
 9. Rejection by United States Coinage Committee of Bill for Suspending Coinage of Silver Dollars.
 - Decree of Argentine Government suspending Cash payments by the National Bank of Buenos Ayres.
 12. Failure of Rouse, West & Co., London.

- January 15. Messrs. Glyn, Mills & Co. announced their intention to issue half-yearly balance-sheets, and to register as a Joint Stock Company with a capital of £1,500,000.
Suspension of the Provincial Bank, Buenos Ayres.
Bank of Bengal rate of discount increased to 6 per cent.
20. Issue of £150,000 Jamaica 4 per cent. Loan at £97 10s. per cent.
22. Issue of £100,000 West Lancashire Railway 5 per cent. Stock at £100 per cent.
30. Bank of Bombay rate of discount increased to 5 per cent.
- February 2. National Bank of Belgium rate of discount reduced to $3\frac{1}{2}$ per cent.
10. Failure of Ridgway & Sons, Army Agents.
13. ——— Bruno, Silva & Co., of London.
18. ——— Donaldson, Andrews & Sharland, London and Adelaide.
23. National Bank of Belgium rate of discount reduced to 3 per cent.
25. Bank of Bengal rate of discount increased to 7 per cent.
27. Issue of £1,500,000 Chinese 7 per cent. Debentures. Issue price, £98.
- March 2. Failure of J. M. Klein & Co., of Moscow.
8. Issue of \$10,000,000 Baltimore and Ohio Railway 5 per cent. Stock at £105 10s.
Issue of \$5,500,000 Atchison, Topeka and Santa Fé Railway 6 per cent. Sinking Fund Bonds at £107.
12. Issue of 20,000,000 liras City of Rome 4 per cent. Loan at £92 5s.
24. Issue of £1,000,000 City of London $3\frac{1}{4}$ per cent. Loan. Minimum price, £96. Average price of issue, £96 10s. 11d.
25. Failure of Scaramanga & Co., London and St. Petersburg.
- April 8. Amalgamation of General Credit and Discount Co. and Union Discount Corporation under style of Union Discount Co. of London.
Payment of first dividend of 10s. in the £ to creditors of Oriental Bank.
9. Bank of Bengal rate of discount increased to 8 per cent.
27. Bank of Bombay rate of discount increased to 7 per cent.
28. House of Commons agreed to Vote of Credit of £11,000,000.
30. Mr. Childers introduced his Budget.
- May 4. Bank of Bengal rate of discount increased to 9 per cent.
Bank of Bombay rate of discount increased to 9 per cent.
7. Bank of Bombay rate of discount increased to 10 per cent.
18. Issue of £4,000,000 Victoria 4 per cent. Loan. Minimum price, £99. Average price of issue, £100 13s. 9d.

- May 15. Issue of £2,500,000 Queensland 4 per cent. Loan. Minimum price, £97. Average price of issue, £97 19s. 4d.
 Issue of £80,000 Monte Video Waterworks Loan at £95.
18. Bank of Bombay rate of discount reduced to 9 per cent.
20. Bank of Bombay rate of discount reduced to 7 per cent.
 Issue of £1,750,000 Metropolitan 3 per cent. Consolidated Stock. Minimum price, £96 10s. Average price of issue, £97 18s. 11d.
21. Bank of Calcutta rate of discount reduced to 8 per cent.
 Bank of Bengal rate of discount reduced to 8 per cent.
26. Issue of Rs. 300,000 Madras Municipality 5 per cent. Loan.
- June 28. Bank of Bengal rate of discount reduced to 7 per cent.
4. Issue of £1,500,000 New Zealand 4 per cent. Consolidated Stock. Minimum price, £97 10s. Average price of issue, £100 6s. 2d.
5. Bank of Bengal rate of discount reduced to 6 per cent.
9. Announcement by Scotch Banks of change in their practice as to the allowance of interest.
 Defeat of the Government on the Budget Bill.
 Issue of £1,560,400 South Australian 4 per cent. Inscribed Stock. Minimum price, £98 10s. Average price of issue, £100 9s. 5d.
11. Bank of Bombay rate of discount reduced to 6 per cent.
 Issue of £150,000 Westport Harbour 4 per cent. Loan. Minimum price, £95. Average price of issue, £95 14s.
 Issue of £100,000 Greymouth Harbour 4 per cent. Loan. Minimum price, £95. Average price of issue, £95 16s. 1d.
17. Issue of £1,500,000 and £750,000 Chinese 6 per cent. Loan. Issue price, £98.
18. Bank of Bombay rate of discount reduced to 5 per cent.
 Bank of Calcutta rate of discount reduced to 5 per cent.
19. Issue of £525,000 Western Australia 4 per cent. Loan. Minimum price, £97 10s. Average price of issue, £98 2s. 6d.
23. Acceptance of office by Lord Salisbury.
25. Bank of Bombay rate of discount reduced to 4 per cent.
29. Issue of £4,000,000 Dominion of Canada 4 per cent. Loan. Minimum price, £99. Average price of issue, £101 1s. 8d.
- July 3. Issue of £100,000 Ceylon Government 4 per cent. Loan. Minimum price, £99. Average price of issue, £100 10s. 6d.
8. Issue of £3,500,000 India 3 per cent. Stock. Minimum price, £85. Average price of issue, £85 10s. 7½d.

- July 9. Bank of Bengal rate of discount reduced to 4 per cent. Issue of £500,000 Cardiff Corporation 3½ per cent. Stock. Minimum price, £97 10s. £250,000 allotted at prices from minimum to £99 1s. 6d. Bank of Bombay dividend for half-year at rate of 5 per cent. Sir M. Hicks-Beach introduced his Budget.
14. Issue of £300,000 Napier Harbour Board 5 per cent. Loan. Minimum price, £100. Average price of issue, £104 5s. 2d.
15. Failure of the Munster Bank.
21. Meeting of the Latin Monetary Conference at Paris.
22. Issue of £3,000,000 First Mortgage 5 per cent. Debenture Bonds of Canadian Pacific Railway Co. at £95. Issue of £700,000 Mortgage Bonds of Entre Rios Central Railway Co. at £91 10s. Committee of General Purposes of Stock Exchange after consideration of the representations made to them by a deputation of brokers on the subject of Leeman's Act, declined to make any special regulation with respect to dealings in Bank shares.
24. Issue of £350,000 Brazil Great Southern Railway 7 per cent. Stock at par.
27. Absorption of Gloucestershire Banking Co. by Capital and Counties Bank.
30. Issue of £9,000,000 Egyptian 3 per cent. Guaranteed Loan at £95 10s. per cent.
31. Issue of £536,500 Natal Government Loan. Average price of issue, £101 16s. 8d.
- August 7. Issue of £80,000 City of Melbourne 5 per cent. Loan. Minimum price, £101. Average price of issue, £104 16s. 5d.
13. Prorogation of Parliament.
- September 8. Dissolution of New York Union Bank.
10. Issue of £808,900 Chilean 4½ per cent. Debentures at £89.
30. Payment of Second Dividend of 2s. 6d. in the £ to Creditors of Oriental Bank.
- October 1. Introduction of Sixpenny Telegrams.
7. Issue of £5,500,000 New South Wales 3½ per cent. Loan. Minimum price, £91. Average price of issue, £91 13s. 5d.
8. Issue of £35,000 Bahama 4½ per cent. Loan. Minimum price, £98. Average price of issue, £99 10s. 8d.
16. Issue of £1,500,000 Liverpool Corporation 3½ per cent. Loan. Minimum price, £99. Average price of issue, £99 11s.
17. Munster and Leinster Bank, formed to carry on the business of the Munster Bank, commenced business.

BANK OF ENGLAND

In £'s sterling, 000 omitted,

| For the Weeks ending- | ISSUE DEPARTMENT. | | | | BANKING DEPARTMENT LIABILITIES. | | | | | |
|-----------------------------|-------------------|---------------------|---------------------------|------------------------------|---------------------------------|-------|---------------------|--------------------|----------------------------|--------|
| | Notes Issued. | Government Debt. | Other Secur- ities. | Gold Coin and Bullion. | Pro- prietors' Capital. | Res. | Public Deposits. | Other Deposits. | 7-day & other Bills. | Total. |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
| 1884—Nov. 5 | 34,240 | 11,015 | 4,735 | 18,490 | 14,553 | 3,114 | 4,180 | 23,598 | 169 | 45,614 |
| 12 | 34,106 | 11,015 | 4,735 | 18,356 | 14,553 | 3,121 | 4,444 | 22,640 | 182 | 44,940 |
| 19 | 34,537 | 11,015 | 4,735 | 18,787 | 14,553 | 3,129 | 5,157 | 22,678 | 163 | 45,680 |
| 26 | 34,747 | 11,015 | 4,735 | 18,997 | 14,553 | 3,113 | 5,596 | 22,290 | 135 | 45,587 |
| Dec. 3 | 35,103 | 11,015 | 4,735 | 19,353 | 14,553 | 3,088 | 5,791 | 23,369 | 156 | 46,957 |
| 10 | 35,678 | 11,015 | 4,735 | 19,928 | 14,553 | 3,093 | 6,364 | 22,874 | 175 | 47,059 |
| 17 | 35,856 | 11,015 | 4,735 | 20,106 | 14,553 | 3,099 | 7,316 | 23,360 | 163 | 48,491 |
| 24 | 35,584 | 11,015 | 4,735 | 19,784 | 14,553 | 3,109 | 8,412 | 21,910 | 146 | 48,130 |
| 31 | 35,562 | 11,015 | 4,735 | 19,812 | 14,553 | 3,116 | 9,105 | 24,947 | 154 | 51,875 |
| 1885—Jan. 7 | 35,653 | 11,015 | 4,735 | 19,903 | 14,553 | 3,357 | 7,039 | 26,820 | 166 | 51,935 |
| 14 | 35,950 | 11,015 | 4,735 | 20,200 | 14,553 | 3,378 | 4,850 | 24,664 | 185 | 47,630 |
| 21 | 36,822 | 11,015 | 4,735 | 20,572 | 14,553 | 3,384 | 4,856 | 25,148 | 177 | 48,118 |
| 28 | 36,940 | 11,015 | 4,735 | 21,190 | 14,553 | 3,398 | 5,993 | 24,622 | 168 | 48,734 |
| Feb. 4 | 37,362 | 11,015 | 4,735 | 21,612 | 14,553 | 3,425 | 7,118 | 22,941 | 195 | 48,332 |
| 11 | 37,692 | 11,015 | 4,735 | 21,942 | 14,553 | 3,436 | 8,356 | 23,535 | 184 | 50,064 |
| 18 | 38,317 | 11,015 | 4,735 | 22,567 | 14,553 | 3,453 | 9,728 | 23,286 | 164 | 51,184 |
| 25 | 38,812 | 11,015 | 4,735 | 23,062 | 14,553 | 3,459 | 10,784 | 24,405 | 150 | 53,351 |
| Mar. 4 | 39,187 | 11,015 | 4,735 | 23,387 | 14,553 | 3,747 | 11,352 | 23,790 | 165 | 53,607 |
| 11 | 39,687 | 11,015 | 4,735 | 23,937 | 14,553 | 3,755 | 11,812 | 25,042 | 171 | 55,333 |
| 18 | 40,282 | 11,015 | 4,735 | 24,532 | 14,553 | 3,778 | 12,354 | 24,784 | 154 | 55,623 |
| 25 | 40,537 | 11,015 | 4,735 | 24,787 | 14,553 | 3,782 | 11,897 | 25,334 | 133 | 55,699 |
| Apr. 1 | 40,842 | 11,015 | 4,735 | 24,592 | 14,553 | 3,783 | 11,166 | 25,625 | 160 | 55,287 |
| 8 | 39,907 | 11,015 | 4,735 | 24,157 | 14,553 | 3,134 | 8,458 | 25,753 | 150 | 52,048 |
| 15 | 40,103 | 11,015 | 4,735 | 24,353 | 14,553 | 3,133 | 7,981 | 26,646 | 183 | 52,496 |
| 22 | 40,379 | 11,015 | 4,735 | 24,629 | 14,553 | 3,143 | 8,674 | 26,603 | 168 | 53,141 |
| 29 | 41,351 | 11,015 | 4,735 | 25,601 | 14,553 | 3,133 | 8,896 | 26,451 | 157 | 53,190 |
| May 6 | 41,575 | 11,015 | 4,735 | 25,825 | 14,553 | 3,143 | 8,624 | 26,481 | 170 | 52,971 |
| 13 | 41,040 | 11,015 | 4,735 | 25,290 | 14,553 | 3,145 | 8,307 | 26,212 | 176 | 52,393 |
| 20 | 41,146 | 11,015 | 4,735 | 25,396 | 14,553 | 3,151 | 7,825 | 27,326 | 166 | 53,021 |
| 27 | 41,424 | 11,015 | 4,735 | 25,674 | 14,553 | 3,152 | 7,519 | 27,931 | 147 | 53,302 |
| June 3 | 41,613 | 11,015 | 4,735 | 25,863 | 14,553 | 3,103 | 7,131 | 28,081 | 167 | 53,035 |
| 10 | 42,055 | 11,015 | 4,735 | 26,305 | 14,553 | 3,104 | 7,698 | 27,416 | 172 | 52,943 |
| 17 | 42,580 | 11,015 | 4,735 | 26,830 | 14,553 | 3,106 | 7,738 | 28,323 | 155 | 53,875 |
| 24 | 42,667 | 11,015 | 4,735 | 26,917 | 14,553 | 3,105 | 7,871 | 28,239 | 171 | 53,939 |
| July 1 | 42,075 | 11,015 | 4,735 | 26,325 | 14,553 | 3,142 | 6,413 | 29,255 | 176 | 53,539 |
| 8 | 41,763 | 11,015 | 4,735 | 26,013 | 14,553 | 3,330 | 6,208 | 32,300 | 157 | 56,548 |
| 15 | 42,129 | 11,015 | 4,735 | 26,379 | 14,553 | 3,349 | 4,883 | 34,244 | 202 | 57,231 |
| 22 | 41,620 | 11,015 | 4,735 | 25,870 | 14,553 | 3,351 | 5,703 | 33,104 | 180 | 56,891 |
| 29 | 41,320 | 11,015 | 4,735 | 25,570 | 14,553 | 3,364 | 5,862 | 32,984 | 150 | 56,413 |
| Aug. 5 | 40,524 | 11,015 | 4,735 | 24,774 | 14,553 | 3,393 | 4,673 | 32,194 | 183 | 54,996 |
| 12 | 39,888 | 11,015 | 4,735 | 24,138 | 14,553 | 3,396 | 4,273 | 30,163 | 191 | 52,576 |
| 19 | 40,138 | 11,015 | 4,735 | 24,388 | 14,553 | 3,414 | 4,206 | 30,586 | 169 | 52,928 |
| 26 | 39,546 | 11,015 | 4,735 | 23,796 | 14,553 | 3,418 | 3,653 | 31,078 | 169 | 52,871 |
| Sept. 2 | 39,178 | 11,015 | 4,735 | 23,428 | 14,553 | 3,743 | 3,200 | 31,025 | 172 | 52,693 |
| 9 | 37,723 | 11,015 | 4,735 | 21,973 | 14,553 | 3,745 | 4,463 | 28,803 | 181 | 51,745 |
| 16 | 37,610 | 11,015 | 4,735 | 21,860 | 14,553 | 3,752 | 4,011 | 29,058 | 167 | 51,541 |
| 23 | 37,239 | 11,015 | 4,735 | 21,489 | 14,553 | 3,760 | 4,387 | 28,526 | 166 | 51,392 |
| 30 | 36,786 | 11,015 | 4,735 | 21,036 | 14,553 | 3,747 | 5,714 | 27,997 | 170 | 52,181 |
| Oct. 7 | 36,282 | 11,015 | 4,735 | 20,532 | 14,553 | 3,055 | 5,623 | 29,667 | 200 | 53,098 |
| 14 | 36,388 | 11,015 | 4,735 | 20,638 | 14,553 | 3,074 | 3,751 | 31,220 | 225 | 52,823 |
| 21 | 35,659 | 11,015 | 4,735 | 19,909 | 14,553 | 3,077 | 3,569 | 29,594 | 215 | 51,008 |
| 28 | 35,527 | 11,015 | 4,735 | 19,777 | 14,553 | 3,085 | 3,049 | 26,976 | 201 | 47,864 |

WEEKLY RETURNS.

thus :—£1,000 = £1,000,000.

| BANKING DEPARTMENT ASSETS. | | | | | Notes in the hands of the Public. | Reserve. | Proportion of Reserve to Liabilities. | Rate of Discount. | For the Weeks ending |
|----------------------------|-------------------|--------|-----------------------|--------|-----------------------------------|----------|---------------------------------------|-------------------|----------------------|
| Government Securities. | Other Securities. | Notes. | Gold and Silver Coin. | Total. | 16 | 17 | 18 | 19 | |
| 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | |
| £ | £ | £ | £ | £ | £ | £ | 96 | 96 | |
| 13,710 | 22,387 | 8,710 | 807 | 45,614 | 25,530 | 9,517 | 34·05 | 5 | 5 Nov., 1884. |
| 13,313 | 21,867 | 8,798 | 962 | 44,940 | 25,308 | 9,760 | 35·79 | 5 | 12 |
| 13,313 | 21,680 | 9,742 | 965 | 45,680 | 24,795 | 10,707 | 38·24 | 5 | 19 |
| 13,313 | 21,348 | 10,105 | 921 | 45,687 | 24,642 | 11,026 | 39·35 | 5 | 26 |
| 13,412 | 22,351 | 10,368 | 826 | 46,957 | 24,735 | 11,194 | 38·18 | 5 | 3 Dec. |
| 13,163 | 21,779 | 11,234 | 883 | 47,059 | 24,444 | 12,117 | 41·19 | 5 | 10 |
| 13,163 | 22,852 | 11,644 | 832 | 48,491 | 24,212 | 12,476 | 40·45 | 5 | 17 |
| 13,163 | 23,450 | 10,800 | 717 | 48,130 | 24,734 | 11,517 | 37·80 | 5 | 24 |
| 13,163 | 27,304 | 10,525 | 883 | 51,875 | 25,037 | 11,408 | 33·85 | 5 | 31 |
| 15,754 | 24,907 | 10,455 | 819 | 51,935 | 25,198 | 11,274 | 33·13 | 5 | 7 Jan., 1885. |
| 14,604 | 20,905 | 11,221 | 900 | 47,630 | 24,729 | 12,121 | 40·81 | 5 | 14 |
| 13,654 | 21,448 | 11,975 | 1,041 | 48,118 | 24,347 | 13,016 | 43·12 | 5 | 21 |
| 13,654 | 21,142 | 12,884 | 1,054 | 48,734 | 24,056 | 13,938 | 45·27 | 4 | 28 |
| 13,653 | 20,593 | 13,032 | 934 | 48,232 | 24,310 | 13,986 | 46·23 | 4 | 4 Feb. |
| 14,052 | 21,134 | 13,828 | 1,050 | 50,064 | 23,864 | 14,878 | 46·38 | 4 | 11 |
| 14,052 | 21,209 | 14,796 | 1,127 | 51,184 | 23,521 | 15,923 | 47·99 | 4 | 18 |
| 14,052 | 22,750 | 15,393 | 1,166 | 53,351 | 23,419 | 16,549 | 46·83 | 4 | 25 |
| 14,052 | 23,065 | 15,303 | 1,187 | 53,607 | 23,835 | 16,490 | 46·70 | 4 | 4 Mar. |
| 14,652 | 23,274 | 16,190 | 1,217 | 55,333 | 23,497 | 17,407 | 47·01 | 4 | 11 |
| 14,652 | 22,701 | 16,940 | 1,330 | 55,623 | 23,342 | 18,270 | 48·99 | 3½ | 18 |
| 14,652 | 23,124 | 16,719 | 1,204 | 55,699 | 23,818 | 17,923 | 47·91 | 3½ | 25 |
| 14,672 | 24,149 | 15,395 | 1,071 | 55,287 | 24,947 | 16,466 | 44·56 | 3½ | 1 Apr. |
| 14,165 | 21,723 | 15,023 | 1,137 | 52,048 | 24,884 | 16,160 | 47·03 | 3½ | 8 |
| 14,402 | 21,396 | 15,479 | 1,219 | 52,496 | 24,624 | 16,698 | 47·94 | 3½ | 15 |
| 14,402 | 21,535 | 15,936 | 1,268 | 53,141 | 24,443 | 17,204 | 48·53 | 3½ | 22 |
| 14,402 | 20,754 | 16,757 | 1,277 | 53,190 | 24,594 | 18,034 | 50·79 | 3½ | 29 |
| 14,497 | 20,688 | 16,622 | 1,164 | 52,971 | 24,953 | 17,786 | 50·42 | 3 | 6 May |
| 14,097 | 20,748 | 16,396 | 1,152 | 52,393 | 24,644 | 17,548 | 50·05 | 2½ | 13 |
| 14,097 | 21,016 | 16,681 | 1,227 | 53,021 | 24,465 | 17,908 | 50·70 | 2½ | 20 |
| 14,097 | 20,836 | 17,201 | 1,168 | 53,302 | 24,223 | 18,369 | 51·60 | 2 | 27 |
| 14,343 | 20,800 | 16,683 | 1,209 | 53,035 | 24,930 | 17,892 | 50·57 | 2 | 3 June |
| 13,743 | 20,991 | 17,012 | 1,197 | 52,943 | 25,043 | 18,209 | 51·60 | 2 | 10 |
| 13,743 | 21,112 | 17,810 | 1,210 | 53,875 | 24,770 | 19,020 | 52·51 | 2 | 17 |
| 13,793 | 21,191 | 17,756 | 1,199 | 53,939 | 24,912 | 18,955 | 52·24 | 2 | 24 |
| 13,859 | 22,247 | 16,277 | 1,156 | 53,539 | 25,798 | 17,433 | 48·63 | 2 | 1 July |
| 17,055 | 22,353 | 15,951 | 1,189 | 56,548 | 25,812 | 17,140 | 44·32 | 2 | 8 |
| 17,055 | 22,339 | 16,730 | 1,107 | 57,231 | 25,399 | 17,837 | 45·37 | 2 | 15 |
| 17,070 | 22,304 | 16,516 | 1,001 | 56,891 | 25,104 | 17,517 | 44·98 | 2 | 22 |
| 17,071 | 22,094 | 16,154 | 1,094 | 56,413 | 25,166 | 17,248 | 44·80 | 2 | 29 |
| 17,568 | 21,545 | 14,813 | 1,070 | 54,996 | 25,711 | 15,883 | 42·87 | 2 | 5 Aug. |
| 15,893 | 21,281 | 14,358 | 1,044 | 52,576 | 25,530 | 15,402 | 44·47 | 2 | 12 |
| 15,564 | 21,252 | 15,006 | 1,106 | 52,928 | 25,132 | 16,112 | 46·08 | 2 | 19 |
| 15,956 | 21,197 | 14,711 | 1,007 | 52,871 | 24,885 | 15,718 | 45·03 | 2 | 26 |
| 16,026 | 21,558 | 14,082 | 1,027 | 52,693 | 25,096 | 15,109 | 43·92 | 2 | 2 Sept. |
| 15,126 | 22,675 | 12,971 | 973 | 51,745 | 24,752 | 13,944 | 41·69 | 2 | 9 |
| 14,935 | 22,475 | 13,122 | 1,009 | 51,541 | 24,488 | 14,131 | 42·51 | 2 | 16 |
| 14,950 | 22,645 | 12,906 | 891 | 51,392 | 24,333 | 13,797 | 41·71 | 2 | 23 |
| 17,218 | 22,505 | 11,586 | 872 | 52,181 | 25,200 | 12,458 | 36·76 | 2 | 30 |
| 19,114 | 22,279 | 10,773 | 932 | 53,098 | 25,509 | 11,705 | 32·98 | 2 | 7 Oct. |
| 18,539 | 22,126 | 11,250 | 908 | 52,823 | 25,138 | 12,158 | 34·54 | 2 | 14 |
| 17,558 | 21,749 | 10,689 | 1,012 | 51,008 | 24,970 | 11,701 | 35·05 | 2 | 21 |
| 15,224 | 20,795 | 10,875 | 970 | 47,864 | 24,652 | 11,845 | 39·12 | 2 | 28 |

BANK OF FRANCE

In £'s sterling, 000 omitted : thus, £1,000 = £1,000,000.

| For the Weeks ending | LIABILITIES. | | | | |
|-------------------------|---------------------|----------------------|--------------------------|-----------------|---------|
| | Public Deposits. | Private Deposits. | Notes in Circulation. | Other Items. | Total. |
| | 1 | 2 | 3 | 4 | 5 |
| | £ | £ | £ | £ | £ |
| 1884.—Nov. 6 | 5,057 | 14,803 | 115,607 | 12,725 | 148,192 |
| 13 | 6,543 | 13,644 | 115,294 | 12,724 | 148,205 |
| 20 | 5,938 | 14,394 | 115,328 | 12,723 | 148,383 |
| 27 | 6,348 | 15,902 | 114,593 | 12,634 | 149,477 |
| Dec. 4 | 4,856 | 14,335 | 115,111 | 12,706 | 147,008 |
| 11 | 5,524 | 13,887 | 114,274 | 12,729 | 146,414 |
| 18 | 6,015 | 13,603 | 114,537 | 12,911 | 147,060 |
| 26 | 6,408 | 13,565 | 114,341 | 12,751 | 147,065 |
| 1885.—Jan. 1 | 5,994 | 14,917 | 119,104 | 12,792 | 152,807 |
| 8 | 4,380 | 15,127 | 119,763 | 12,958 | 152,228 |
| 15 | 5,831 | 14,225 | 121,235 | 12,504 | 153,795 |
| 22 | 4,577 | 15,200 | 119,508 | 12,364 | 151,649 |
| 29 | 4,921 | 15,568 | 119,123 | 12,230 | 151,842 |
| Feb. 5 | 4,094 | 14,669 | 119,422 | 12,238 | 150,423 |
| 12 | 5,547 | 12,986 | 117,681 | 12,232 | 148,446 |
| 19 | 5,348 | 12,772 | 116,973 | 12,301 | 147,394 |
| 26 | 6,168 | 13,435 | 116,288 | 12,223 | 148,114 |
| Mar. 5 | 2,837 | 12,552 | 117,131 | 12,248 | 144,768 |
| 12 | 3,489 | 12,408 | 116,301 | 12,203 | 144,401 |
| 19 | 3,797 | 13,192 | 115,430 | 12,107 | 144,526 |
| 26 | 4,551 | 13,074 | 114,610 | 12,109 | 144,344 |
| Apr. 2 | 4,436 | 13,465 | 116,818 | 12,862 | 147,581 |
| 9 | 3,868 | 14,948 | 116,140 | 12,389 | 147,345 |
| 16 | 4,312 | 16,925 | 116,266 | 12,379 | 149,882 |
| 23 | 5,929 | 18,601 | 114,296 | 11,987 | 150,813 |
| 30 | 6,636 | 18,411 | 116,997 | 11,990 | 154,034 |
| May 7 | 6,066 | 17,651 | 113,359 | 12,529 | 149,605 |
| 14 | 6,669 | 16,632 | 113,340 | 12,428 | 149,069 |
| 21 | 5,625 | 17,294 | 111,773 | 12,486 | 147,178 |
| 28 | 6,742 | 18,783 | 111,307 | 12,418 | 149,250 |
| June 4 | 6,802 | 16,237 | 111,955 | 12,085 | 147,129 |
| 11 | 6,778 | 15,566 | 111,287 | 12,578 | 146,199 |
| 18 | 7,266 | 15,033 | 111,328 | 12,798 | 146,425 |
| 25 | 8,442 | 15,316 | 110,522 | 12,527 | 146,807 |
| July 2 | 7,682 | 16,515 | 112,570 | 13,242 | 150,009 |
| 9 | 7,333 | 15,568 | 112,890 | 12,655 | 148,446 |
| 16 | 7,898 | 14,543 | 113,548 | 12,513 | 148,502 |
| 23 | 8,867 | 14,882 | 112,256 | 12,323 | 148,328 |
| 30 | 9,709 | 15,947 | 112,618 | 12,205 | 150,479 |
| Aug. 6 | 9,026 | 14,925 | 110,957 | 12,209 | 147,117 |
| 13 | 9,420 | 15,001 | 110,288 | 12,414 | 147,123 |
| 20 | 8,769 | 15,304 | 109,574 | 12,387 | 146,034 |
| 27 | 9,144 | 17,299 | 108,778 | 12,314 | 147,535 |
| Sept. 3 | 8,095 | 15,575 | 110,504 | 12,795 | 146,969 |
| 10 | 7,723 | 15,102 | 109,438 | 12,336 | 144,599 |
| 17 | 7,899 | 14,973 | 109,252 | 12,459 | 144,583 |
| 24 | 8,211 | 14,921 | 109,051 | 12,350 | 144,533 |
| Oct. 1 | 8,607 | 13,853 | 111,442 | 12,506 | 146,407 |
| 8 | 6,702 | 13,477 | 112,260 | 12,896 | 145,335 |
| 15 | 6,516 | 12,895 | 114,101 | 12,559 | 146,071 |
| 22 | 6,703 | 13,272 | 113,117 | 12,800 | 145,892 |
| 29 | 7,379 | 16,148 | 112,801 | 12,498 | 148,826 |

WEEKLY RETURNS.

(Converting the franc at 25 to the £.)

| ASSETS. | | | | | | Rate of Discount. | For the Weeks ending |
|---------|---------|--------|-----------|-----------------|---------|-------------------------|-------------------------|
| Gold. | Silver. | Bills. | Advances. | Other Items. | Total. | | |
| 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| £ | £ | £ | £ | £ | £ | % | |
| 42,080 | 41,111 | 34,284 | 17,846 | 12,871 | 148,192 | 3 | 6 Nov., 1884. |
| 41,659 | 41,132 | 35,996 | 17,585 | 11,833 | 148,205 | 3 | 13 |
| 41,332 | 41,211 | 36,142 | 17,546 | 12,152 | 148,383 | 3 | 20 |
| 41,313 | 41,258 | 37,342 | 17,459 | 12,105 | 149,477 | 3 | 27 |
| 41,262 | 41,278 | 34,522 | 17,395 | 12,551 | 147,008 | 3 | 4 Dec. |
| 40,934 | 41,228 | 34,900 | 17,351 | 12,001 | 146,414 | 3 | 11 |
| 40,704 | 41,312 | 35,731 | 17,410 | 11,909 | 147,066 | 3 | 18 |
| 40,578 | 41,375 | 35,129 | 17,476 | 12,507 | 147,065 | 3 | 26 |
| 40,067 | 41,136 | 42,087 | 17,767 | 11,760 | 152,807 | 3 | 1 Jan., 1885. |
| 39,931 | 41,028 | 41,649 | 17,856 | 11,764 | 152,228 | 3 | 8 |
| 39,877 | 40,991 | 42,727 | 18,138 | 12,062 | 153,795 | 3 | 15 |
| 39,933 | 41,076 | 41,115 | 17,688 | 11,837 | 151,649 | 3 | 22 |
| 39,997 | 41,144 | 41,244 | 17,335 | 12,122 | 151,842 | 3 | 29 |
| 40,085 | 41,228 | 38,997 | 17,438 | 12,675 | 150,423 | 3 | 5 Feb. |
| 40,075 | 41,256 | 38,241 | 17,131 | 11,743 | 148,446 | 3 | 12 |
| 40,173 | 41,494 | 36,530 | 17,037 | 12,160 | 147,394 | 3 | 19 |
| 40,143 | 41,605 | 37,596 | 16,704 | 12,066 | 148,114 | 3 | 26 |
| 40,118 | 41,786 | 33,840 | 16,578 | 12,446 | 144,768 | 3 | 5 Mar. |
| 40,125 | 41,884 | 33,548 | 16,876 | 11,968 | 144,401 | 3 | 12 |
| 40,307 | 42,158 | 32,849 | 16,757 | 12,455 | 144,526 | 3 | 19 |
| 40,425 | 42,416 | 32,613 | 16,613 | 12,277 | 144,344 | 3 | 26 |
| 40,299 | 42,469 | 36,143 | 16,805 | 11,865 | 147,581 | 3 | 2 April |
| 40,299 | 42,469 | 35,469 | 17,115 | 11,993 | 147,345 | 3 | 9 |
| 41,495 | 42,514 | 36,471 | 17,179 | 12,223 | 149,882 | 3 | 16 |
| 41,891 | 42,600 | 36,595 | 17,038 | 12,689 | 150,813 | 3 | 23 |
| 42,127 | 42,526 | 39,731 | 17,064 | 12,586 | 154,034 | 3 | 30 |
| 42,889 | 42,632 | 34,562 | 17,395 | 12,127 | 149,605 | 3 | 7 May. |
| 43,089 | 42,583 | 33,767 | 17,424 | 12,206 | 149,069 | 3 | 14 |
| 43,353 | 42,669 | 31,772 | 17,325 | 12,059 | 147,178 | 3 | 21 |
| 43,648 | 42,887 | 33,512 | 17,253 | 11,950 | 149,250 | 3 | 28 |
| 44,164 | 43,078 | 29,707 | 17,380 | 12,800 | 147,129 | 3 | 4 June. |
| 45,318 | 43,123 | 28,340 | 17,177 | 12,241 | 146,199 | 3 | 11 |
| 45,707 | 43,259 | 28,273 | 17,218 | 11,968 | 146,425 | 3 | 18 |
| 46,032 | 43,349 | 27,603 | 17,272 | 12,551 | 146,807 | 3 | 25 |
| 46,053 | 43,169 | 31,227 | 17,593 | 11,967 | 150,009 | 3 | 2 July. |
| 46,006 | 43,107 | 29,903 | 17,514 | 11,916 | 148,446 | 3 | 9 |
| 45,924 | 43,031 | 30,176 | 17,329 | 12,042 | 148,502 | 3 | 16 |
| 46,123 | 43,179 | 29,644 | 17,265 | 12,117 | 148,328 | 3 | 23 |
| 46,311 | 43,330 | 31,465 | 17,217 | 12,156 | 150,479 | 3 | 30 |
| 46,392 | 43,509 | 27,532 | 17,412 | 12,272 | 147,117 | 3 | 6 Aug. |
| 46,420 | 43,738 | 27,689 | 17,308 | 11,968 | 147,123 | 3 | 13 |
| 46,655 | 43,919 | 25,922 | 17,323 | 12,215 | 146,034 | 3 | 20 |
| 46,827 | 44,066 | 27,116 | 17,403 | 12,123 | 147,535 | 3 | 27 |
| 46,918 | 44,178 | 27,179 | 17,447 | 11,247 | 146,969 | 3 | 3 Sept. |
| 46,830 | 44,031 | 24,111 | 17,515 | 12,112 | 144,599 | 3 | 10 |
| 46,855 | 44,107 | 24,198 | 17,393 | 12,030 | 144,583 | 3 | 17 |
| 47,009 | 44,193 | 23,509 | 17,389 | 12,433 | 144,533 | 3 | 24 |
| 46,519 | 44,106 | 26,348 | 17,550 | 11,884 | 146,407 | 3 | 1 Oct. |
| 46,097 | 44,012 | 25,396 | 17,777 | 12,053 | 145,335 | 3 | 8 |
| 45,809 | 43,887 | 26,344 | 17,861 | 12,170 | 146,071 | 3 | 15 |
| 45,875 | 43,866 | 26,060 | 17,995 | 12,096 | 145,892 | 3 | 22 |
| 45,902 | 43,798 | 28,710 | 17,954 | 12,462 | 148,826 | 3 | 29 |

NOTE ISSUES IN THE UNITED KINGDOM.

MONTHLY AVERAGES.

In £'s sterling, 000 omitted, thus :—£1,000 = £1,000,000.

| FOUR WEEKS ENDING | ENGLAND AND WALES. | | | | SCOTLAND. | IRELAND. | Total Note Cir- culation in the United Kingdom. |
|----------------------|---|--|--|---|--|--|--|
| | Bank of England. | Private Banks. | Joint Stock Banks. | Total Note Cir- culation in England and Wales. | Total. | Total. | |
| | <i>Present Fixed Issues, £</i> 15,750,000. | <i>Present Fixed Issues, £</i> 3,412,810. | <i>Present Fixed Issues, £</i> 2,864,789. | <i>Present Fixed Issues, £</i> 21,517,599. | <i>Present Fixed Issues, £</i> 2,676,350. | <i>Present Fixed Issues, £</i> 6,364,494. | <i>Present Fixed Issues, £</i> 30,548,443. |
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | £ | £ | £ | £ | £ | £ | £ |
| 1884.—Oct. 18 | 25,898 | 1,553 | 1,645 | 29,096 | 5,859 | 6,695 | 41,650 |
| Nov. 15 | 25,508 | 1,571 | 1,680 | 28,759 | 6,203 | 7,039 | 42,001 |
| Dec. 18 | 24,654 | 1,507 | 1,624 | 27,785 | 6,399 | 6,748 | 40,932 |
| 1885.—Jan. 10 | 24,796 | 1,478 | 1,564 | 27,838 | 5,775 | 6,417 | 40,080 |
| Feb. 7 | 24,361 | 1,474 | 1,567 | 27,402 | 5,379 | 6,224 | 39,005 |
| Mar. 7 | 23,660 | 1,391 | 1,511 | 26,562 | 5,259 | 6,019 | 37,840 |
| April 4 | 23,901 | 1,411 | 1,548 | 26,860 | 5,242 | 6,071 | 38,173 |
| May 2 | 24,636 | 1,478 | 1,639 | 27,753 | 5,396 | 6,230 | 39,379 |
| „ 30 | 24,572 | 1,463 | 1,642 | 27,677 | 6,307 | 6,077 | 40,061 |
| June 27 | 24,914 | 1,393 | 1,545 | 27,852 | 5,857 | 5,710 | 39,419 |
| July 25 | 25,528 | 1,412 | 1,529 | 28,469 | 5,703 | 5,801 | 39,973 |
| Aug. 22 | 25,385 | 1,841 | 1,467 | 28,193 | 5,568 | 5,676 | 39,437 |
| Sept. 19 | 24,793 | 1,302 | 1,433 | 27,528 | 5,638 | 5,529 | 38,695 |

COMPARISON OF THE POSITION OF THE FIXED ISSUES IN THE UNITED KINGDOM.

| AUTHORISED ISSUES BY THE ACTS OF 1844 AND 1845. | POSITION OF THE AUTHORISED ISSUES, SEPTEMBER 20th, 1884. |
|---|--|
| ENGLAND—Bank of England...£14,000,000 | ENGLAND—Bank of England £14,000,000 1885—Dec. 7th 475,000 1861—July 10th 175,000 1866—Feb. 21st 350,000 1881—April 1st 750,000 15,750,000 |
| 207 Private Banks £5,153,417 72 Joint Stock Banks ... 3,478,230 <u>8,631,647</u> | 98 Private Banks 3,412,810 44 Joint Stock Banks ... 2,354,789 <u>5,767,599</u> |
| <u>£22,631,647</u> | <u>£21,517,599</u> |
| SCOTLAND—19 Joint Stock Banks 3,087,209 | SCOTLAND—10 Joint Stock Banks 2,676,350 |
| IRELAND—8 do. do. 6,354,494 | IRELAND—6 do. do. 6,354,494 |
| <u>£32,073,350</u> | <u>£30,548,448</u> |

The following Table shows the gross amount of notes issued in the United Kingdom on the 19th September, 1885 :—

| | | |
|--|----------------------------|-------------------|
| ENGLAND—Bank of England, upon Security ... Upon gold bullion and coin ... | 15,750,000 21,860,370 | 37,610,370 |
| 97 Private Banks upon their own credit ... 44 Joint Stock Banks do. ... | 1,322,028 1,434,523 | 2,756,551 |
| SCOTLAND—10 Joint Stock Banks upon their own credit ... Upon gold and silver coin ... | 2,274,414† 3,286,573 | 5,560,987 |
| IRELAND—6 Joint Stock Banks upon their own credit ... Upon gold and silver coin ... | 3,816,823 1,695,395 | 5,512,218 |
| Total amount of notes issued in the United Kingdom ... | <u>£51,440,126*</u> | |

* Of the total amount of £37,657,408 issued by the Bank of England from the Issue Department £12,397,130 was held by the Bank of England in the Banking Department. Deducting this from the total issue, it leaves £40,052,323 as the actual circulation of notes in the United Kingdom on the above date.

† It will be seen from these figures that the issues upon credit of certain Scotch and Irish Banks are below their limits authorised by the Acts of 1845.

LONDON BANKERS' CLEARING HOUSE.—WEEKLY RETURNS.

In £'s sterling, 000 omitted, thus:—£1,000 = £1,000,000.

| Weeks ending Wednesdays in each Week. | | 1884-85. | | | | | Corresponding Week of previous year. | |
|--|-----------|---|--|--|------------------------------|--------------------------|---|--|
| | | Total Amount Cleared in each week. | Stock Exchange Settling Days. | Days follow- ing Stock Exchange Settling Days. | Consols Settling Days. | 4ths of the Month. | Total Amount Cleared in each week. | Stock Exchange Settling Days. |
| | | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| | | £ | £ | £ | £ | £ | £ | £ |
| 1884.—Nov. | 5 | 131,296 | 39,379 | 20,519 | 21,230 | †21,230 | 97,717 | ... |
| | 12 | 97,040 | ... | ... | ... | ... | 124,981 | 44,090 |
| | 19 | 123,400 | 38,908 | 17,664 | ... | ... | 99,203 | ... |
| | 26 | 90,129 | ... | ... | ... | ... | 90,836 | 41,361 |
| Dec. | 3 | 125,365 | 39,391 | 18,199 | 20,276 | ... | 136,331 | ... |
| | 10 | 92,456 | ... | ... | ... | 15,467 | 94,309 | ... |
| | 17 | 117,437 | 39,514 | 17,734 | ... | ... | 132,051 | 40,005 |
| | 24 | 97,505 | ... | ... | ... | ... | 69,847 | 40,581 |
| | 31 | 92,038 | 36,210 | 19,447 | ... | ... | 144,551 | ... |
| 1885.—Jan. | 7 | 119,277 | ... | ... | 21,323 | 20,852 | 113,933 | ... |
| | 14 | 122,934 | 39,067 | 20,790 | ... | ... | 134,346 | 47,578 |
| | 21 | 104,911 | ... | ... | ... | ... | 104,485 | ... |
| | 28 | 86,784 | ... | ... | ... | ... | 128,339 | 44,545 |
| Feb. | 4 | 133,647 | 36,802 | 19,031 | 20,274 | 19,878 | 119,107 | ... |
| | 11 | 96,086 | ... | ... | ... | ... | 97,744 | ... |
| | 18 | 130,497 | 40,057 | 19,956 | ... | ... | 134,627 | 41,579 |
| | 25 | 97,125 | ... | ... | ... | ... | 97,388 | 36,114 |
| Mar. | 4 | 131,737 | 34,668 | 16,815 | 23,281 | 18,585 | 137,440 | ... |
| | 11 | 96,272 | ... | ... | ... | ... | 96,640 | ... |
| | 18 | 123,496 | 36,604 | 19,045 | ... | ... | 123,946 | 36,283 |
| | 25 | 89,559 | ... | ... | ... | ... | 101,630 | 39,152 |
| April | 1 | 138,175 | 44,387 | 17,058 | 25,507 | ... | 135,338 | ... |
| | 8 | 79,455 | ... | ... | ... | 18,674 | 134,501 | ... |
| | 15 | 127,122 | 45,354 | 18,202 | ... | ... | 82,407 | 42,227 |
| | 22 | 95,870 | ... | ... | ... | ... | 94,338 | ... |
| | 29 | 105,259 | 36,314 | 18,349 | ... | ... | 122,768 | 43,915 |
| May | 6 | 100,528 | ... | ... | 19,482 | †19,482 | 113,588 | ... |
| | 13 | 86,981 | ... | ... | ... | ... | 97,915 | ... |
| | 20 | 125,252 | 40,526 | 18,197 | ... | ... | 146,857 | 51,472 |
| | 27 | 75,645 | ... | ... | ... | ... | 95,480 | 40,962 |
| June | 3 | 117,446 | 35,783 | 16,703 | 19,891 | ... | 122,052 | ... |
| | 10 | 93,288 | ... | ... | ... | 15,557 | 92,627 | ... |
| | 17 | 116,138 | 39,292 | 18,281 | ... | ... | 116,179 | 33,595 |
| | 24 | 91,083 | ... | ... | ... | ... | 97,327 | 39,518 |
| July | 1 | 124,816 | 34,472 | 20,137 | ... | ... | 140,994 | ... |
| | 8 | 110,745 | ... | ... | 18,475 | 18,411 | 114,237 | ... |
| | 15 | 113,887 | 36,970 | 18,685 | ... | ... | 126,407 | 40,839 |
| | 22 | 93,369 | ... | ... | ... | ... | 92,681 | ... |
| | 29 | 79,240 | ... | ... | ... | ... | 112,275 | 41,962 |
| Aug. | 5 | 114,239 | 38,120 | 20,851 | ... | 20,013 | 97,896 | ... |
| | 12 | 98,949 | ... | ... | 21,631 | ... | 91,428 | ... |
| | 19 | 112,966 | 30,888 | 16,901 | ... | ... | 122,608 | 35,642 |
| | 26 | 81,446 | ... | ... | ... | ... | 88,586 | 34,476 |
| Sept. | 2 | 117,909 | 37,565 | 17,601 | 19,234 | ... | 119,408 | ... |
| | 9 | 85,054 | ... | ... | ... | 17,151 | 91,298 | ... |
| | 16 | 103,550 | 37,168 | 14,518 | ... | ... | 115,361 | 33,836 |
| | 23 | 82,111 | ... | ... | ... | ... | 89,926 | 40,773 |
| | 30 | 105,938 | 34,769 | 22,070 | ... | ... | 130,400 | ... |
| Oct. | 7 | 107,451 | ... | ... | 22,070 | 18,428 | 107,292 | ... |
| | 14 | 83,994 | ... | ... | ... | ... | 121,796 | 43,253 |
| | 21 | 111,402 | 33,226 | 16,732 | ... | ... | 98,767 | ... |
| | 28 | 85,940 | ... | ... | ... | ... | 86,430 | 89,379 |

Average weekly amount (based on the foregoing figures).....
 Daily average on Stock Exchange Settling Days (based on the
 foregoing figures)

Year ending
31st December, 1883.
£118,701,000

Year ending
31st December, 1884.
£111,068,000

£44,113,000

£40,022,000

† Also Consols Settling Days.

INDEX.

| | PAGE. |
|---|--------------|
| ACCEPTANCES, affix of "Esq." to signature. <i>Question</i> (with answer) | 237 |
| — Of married women. <i>Question</i> (with Answer) | 355 |
| See <i>Joint Stock Bank Accounts</i> . | |
| See <i>Bills of Exchange</i> . | |
| See <i>English Banking Practice</i> . | |
| ACCOUNTS of Customers | 445-457 |
| ACKNOWLEDGMENT of Receipt by Banker for Customer's credit does not require stamp. <i>Question</i> (with answer) | 239 |
| ACTS OF PARLIAMENT— | |
| Factors' Acts | 173, 174 |
| Income Tax | 345-347 |
| National Debt Act, 1885, Notice as to | 409-412 |
| — Full Text | 412, 413 |
| ADVANCES. Bank of France Returns, Nov. 1884 to Oct. 1885 | 584, 585 |
| — to Customers | 457-460 |
| AGAR (W. Talbot), Vote of Thanks to | 443 |
| AGENTS, Advances to | 459 |
| — Authority of | 447-448, 459 |
| AGRA BANK, Limited, Accounts | 240 |
| AITCHISON (W. J.) Bankers' Cash Reserves | 303-337 |
| ALLIANCE BANK, Limited, Accounts | 118, 420 |
| ALLOY, Mint view of the Word | 247 |
| AMERICA. (See <i>United States</i>). | |
| AMERICAN Bankers' Convention, 1884, Proceedings | 54-57 |
| — 1885, Meeting | 483 |
| — Railway Shares, Transfer of | 468 |
| — Securities, notice (W. M. Grosvenor) | 484 |
| ANGLO-AUSTRIAN BANK, Limited, Accounts | 420 |
| ANGLO-CALIFORNIAN BANK, Limited, Accounts | 288 |
| ANGLO-FOREIGN BANKING Co., Limited, Accounts | 240 |
| ANGLO-ITALIAN BANK, Limited, Accounts | 420 |
| ANIMALS, Imports and Prices, 1874-83 | 20, 27, 49 |
| ANNUAL GENERAL MEETING, Institute of Bankers, May, 1885 (Report of)— | |
| Report of the Council | 293-297 |
| Treasurer's Account | 298 |
| Balance sheet of Assets and Liabilities | 299 |
| List of Council and Officers | 300 |
| Martin (R. B.) | 301 |
| Income and Progress of the Institute | 301 |
| Removal of the Library | 301 |
| Gold coinage | 301 |
| Bankruptcy Act. Inquiry by the Institute | 301 |
| Factors' Acts | 301 |
| Prize essay | 302 |
| Vote of thanks to Council and Officers | 302 |

| | PAGE. |
|---|----------|
| ARGENTINE REPUBLIC, Stamp duties in | 567 |
| ART UNIONS, Legislative exemption in favour of | 85 |
| ARTICLES of Association of companies | 455 |
| ASHTON, STALYBRIDGE, HYDE AND GLOSSOP BANK, Limited, Accounts | 118, 420 |
| ASSAYS—By Professor W. Chandler Roberts (F.R.S.) | 245 |
| Statistics of Weight of Gold Bullion | 245 |
| Weight of bullion, imperfect evidence of value as it may be associated with base metal | 245 |
| Rice-Vaughan on the necessity of some indication of value, other than that afforded by weight | 246 |
| Implicit trust placed by merchants on the "marks impressed" on bullion | 246 |
| Cost of assay reports | 246 |
| Remarkable degree of precision in assays of gold and silver. | 246 |
| Neither gold nor silver occur in nature in a high degree of purity | 247 |
| Alloy, in Mint language, signifies the base metal added to a precious one, and not the mass of the mixed metals | 247 |
| — ordinances and indentures perpetuating the Mint view of the word | 247 |
| Method of assaying | 248 |
| Geber's description of the process indicated | 248 |
| Assays conducted on very large sample of metal in 12th century | 248-249 |
| "Assayers' pound"—12 grains is the amount of metal taken for assay for at least two centuries | 249 |
| Assay of silver—by Oxidation | 249 |
| — action of nitric acid on an alloy of gold and silver | 249 |
| Process of ascertaining gold contained in an alloy | 250 |
| — the various operations explained and illustrated | 250-251 |
| Method of stating results | 251 |
| Assay Master by the old method only reports relative and not absolute fineness | 251 |
| Ambiguity and unintelligibility of Assay Reports | 251 |
| "Betterness" or "Worseness" affords a means of calculating the amount of metal required to standardise the whole | 252 |
| "Carat" System.—Advantages and disadvantages compared | 252 |
| — efforts to abolish it | 252 |
| — recommendation of the decimal system by the Standards Commis- sion | 252 |
| Objection to the use of the Millieme System, as stated by Mr. G. Forbes in 1870 | 252-253 |
| Bank of England decided in 1870 on a decimal report expressed to a third of a millieme | 253 |
| The Mint introduces a common standard of reference. | 253 |
| Adoption of the decimal method in bullion transactions between the Mint and Bank of England in 1882 | 253 |
| Retention of the old system in commercial transactions | 253-254 |
| Custom for assayers to report in Milliemmes as well as "Carats" | 254 |
| Carat system slightly more favourable to exporters of gold | 254 |
| Not much advance to be made in point of accuracy | 254 |
| The chemical basis on which assaying rests has remained unchanged for 400 years | 254 |
| Number of assays at Mint, and weight of metal to which they refer | 254 |
| <i>Note.</i> | |
| Further explanation of assay expression | 255 |
| Precautions adopted to secure accuracy | 255 |
| Loss of the metal by volatilisation or retention in the cupel | 255 |
| Trial plates | 255 |
| Corrections to be applied to a gold assay | 255 |
| <i>Discussion on Professor Roberts' Paper.</i> | |
| Martin (R. B.) | 256 |
| Technicality of the subject | 256 |
| Importance to bankers of fixed standard of purity | 256 |
| West (R. G.) | 256 |
| As to the metal operated on, representing the entire mass | 256 |
| Martin (J. B.) | 256 |
| Difference between our standard of fineness and that of the Latin Union | 257 |
| What is the best possible alloy? | 257 |
| Accuracy of export and import returns of bullion | 257 |
| Considerable overflow of French gold into this country | 257 |
| Board of Trade returns | 257 |

ASSAYS—continued.

| | PAGE. |
|--|--------------------|
| Harvey (A. S.) | 258 |
| Accurate knowledge of early alchemists | 258 |
| Homogeneity of a lump of alloy | 258 |
| Use of the "trial lump" | 258 |
| Process of assay carried out in Mexican Mint | 258 |
| Advantage of the MillNeme System | 258 |
| Possible limit of error in an alloy | 258-259 |
| Professor Chandler Roberts. <i>Reply.</i> | 259 |
| High degree of accuracy maintained in assaying for many centuries | 259 |
| "Trial Plate"—inaccuracy of, reflected in coinage made in comparison with it | 259 |
| — of 1660 inaccurate, but some of the early trial plates remarkably accurate | 259 |
| — used at the trial of the Pyx. | 259 |
| Homogeneity of a piece of metal | 259-260 |
| All gold and copper alloys appear uniform, but silver copper alloys vary. | 260 |
| Assay of half-a-crown. | 260 |
| Composition of Mexican dollars trustworthy | 260 |
| Limit of error in an assay | 260 |
| No metallurgical objection to an alloy of standard 900 | 260 |
| Gold and copper the best alloy for coinage purposes | 260 |
| Brittleness of coin | 261 |
| — Demonstration before the Members of the Institute | 348 |
| ASSIGNEES, Accounts of | 454 |
| ASSIGNMENTS of Debts | 479 |
| ASSOCIATED BANKS of New South Wales. Contract with the Government | 177 |
| AUSTRALIA. Bank notes | 127 |
| Discovery of gold in | 44 |
| History of, <i>notice</i> (G. W. Rusden) | 558-559 |
| Mints in. Work in 1884 | 340 |
| Silver Mining in | 550 |
| AUSTRALIAN JOINT STOCK BANK, Accounts | 240, 420 |
| AUSTRALASIAN BANKS. Rates of interest on deposits and pastoral advances | 53 |
| — Returns. Summary | 183, 365, 419, 504 |
| AUSTRIA AND HUNGARY. Stamp Duties in | 568-569 |
| AUTHORITY of Agents | 447-448 |
| BAGEHOT (Walter). On the effect of the development of banking on crises | 380 |
| BALANCE-SHEETS of Customers | 455-457 |
| BALLARAT BANKING COMPANY, LIMITED, Accounts | 496 |
| BANKERS. Word first occurs in Revised Edition of Bible | 352 |
| — balances at Bank of England | 305, 334 |
| BANK HOLIDAYS | 189 |
| BANK NOTES. (See <i>Notes.</i>) | |
| BANK OF ADELAIDE, Accounts | 496 |
| BANK OF AFRICA, Accounts | 240 |
| BANK OF AUSTRALASIA, Accounts | 496 |
| BANK OF BRITISH COLUMBIA, Accounts | 240, 420 |
| BANK OF BRITISH NORTH AMERICA, Accounts | 240 |
| BANK OF EGYPT, Accounts | 288 |
| BANK OF LIVERPOOL, LIMITED, Accounts | 420 |
| BANK OF MONTREAL, Accounts | 420 |
| BANK OF NEW SOUTH WALES, Accounts | 420 |
| — Establishment of | 559 |
| BANK OF NEW ZEALAND, Accounts | 420 |
| BANK OF ROUMANIA, Accounts | 420 |

| | PAGE. |
|--|----------|
| BANK OF SCOTLAND, Accounts | 288 |
| BANK OF SOUTH AUSTRALIA, Limited, Accounts | 288, 420 |
| BANK OF VAN DIEMAN'S LAND, Accounts | 496 |
| BANK OF VICTORIA, Accounts | 288, 496 |
| BANK OF WESTMORELAND, Accounts | 420 |
| BANK OF WHITEHAVEN, Limited, Accounts | 288 |
| BANKING PRACTICE (English); by Thomas B. Moxon | 125 |
| COINS | 125 |
| Weight of the sovereign | 125 |
| Silver and Bronze Coinage | 126 |
| Legal tender | 126 |
| BULLION | 126 |
| Bullion sent by rail | 126 |
| BANK NOTES | 126 |
| Bank of England notes legal tender | 126 |
| Country bank notes | 126 |
| Foreign bank notes, Australian notes | 127 |
| Notes by post | 127 |
| Lost notes | 127 |
| Stopping notes, Bank of England make a charge | 127 |
| Half-notes dangerous to advance on | 127 |
| Destroyed notes, value can be recovered on satisfactory proof | 127 |
| CHEQUES | 127 |
| Amount described in foreign currency | 127 |
| Should be numbered | 128 |
| Date | 128 |
| Stale cheques, discharge of drawer | 128 |
| Banker under no obligation except to drawer | 128 |
| Bearer or order, if omitted cheque payable to order | 128 |
| Endorsements, bankers need not attend to, on cheque to bearer | 128 |
| — May be on face | 129 |
| — in pencil not illegal | 129 |
| — no titles of courtesy should be given | 129 |
| — if payee cannot write | 129 |
| — by executor or administrator | 129 |
| — per procuration | 130 |
| — to dividend warrants | 130 |
| — by an agent, per pro, without authority | 130 |
| — by banker, "placed to the credit of payee" | 130 |
| — guarantees genuineness of cheque | 130 |
| When words and figures differ | 131 |
| When drawn for balance by an account and interest | 131 |
| Variations from usual mode of drawing should be discouraged | 131 |
| Illiterate drawer, witness should not be bank official | 131 |
| Doctor's certificate | 131 |
| Forged signatures | 132 |
| Forged cheque cannot be charged to customer | 132 |
| All cheques, except those of poor-law guardians and Government depart- ments, require to be stamped | 132 |
| Crossed cheques, crossing not recognised abroad | 132 |
| — "not negotiable" | 132 |
| Time allowed for presentment for payment | 133 |
| Drawer only can stop cheque | 133 |
| Danger of paying cheques out of hours | 133 |
| Drawer dead, banker must return cheque | 134 |
| Donatio mortis causa | 134 |
| Act of Bankruptcy | 134 |
| Payment, interest and charges must not be debited without notice | 134 |
| Where total amount of cheques presented exceeded funds in hand | 135 |
| Returning cheques for want of funds, practice in Scotland | 135 |
| Cheques refused on technical grounds | 135 |
| — cancelled in error | 135 |
| — with bill attached | 135 |
| — mutilated | 135 |
| Notice of dishonour should be given immediately | 135-136 |
| Returning dishonoured cheques | 136 |
| Cashing cheques on other banks, presenter liable, if returned | 136 |
| Paid cheques legal property of drawer | 136 |
| Lost cheques, payee can insist on restitution on giving indemnity | 136 |

BANKING PRACTICE—continued.

| | PAGE. |
|---|---------|
| CASH ORDERS | 137 |
| Payment | 137 |
| Some banks object to collect | 137 |
| POSTAL ORDERS AND POSTAL NOTES | 137 |
| Can all be cashed at General Post Office | 137 |
| BILLS OF EXCHANGE AND PROMISSORY NOTES | 138 |
| Accommodation bills | 138 |
| Inland bills are those drawn and payable within British Isles | 138 |
| Bill should be dated ; if not, any lawful holder may insert true date | 138 |
| Currency of a bill | 138 |
| Days of grace | 138-139 |
| Gregorian calendar | 139 |
| Drafts at, and after sight | 139 |
| Date of payment | 139 |
| Bank holidays | 139 |
| Overdue bills | 139 |
| Words in body of bill, fix amount, figures are merely a memorandum | 139 |
| " Value received " term requisite in foreign bill | 139 |
| Foreign money | 139-140 |
| Drawer guarantees that bill will be duly met | 140 |
| Acceptance | 140 |
| Presentation of bills for acceptance | 140 |
| Documents attached to a bill | 141 |
| Drawee dead or bankrupt | 141 |
| Acceptance may be on the back of bill | 141 |
| Acceptor cannot revoke acceptance after delivery | 142 |
| Acceptance, general or qualified | 142 |
| Documentary bills | 142 |
| — may be retired under rebate | 143 |
| Bills of lading | 143 |
| Acceptances by minors invalid | 143 |
| — partners in non-trading partnership only bind signer | 143 |
| — directors of a company having no power to accept | 143-144 |
| After-sight bills | 144 |
| Partial acceptance | 144 |
| Acceptance for honour | 144 |
| Application for accepted bills | 144 |
| Non-acceptance | 144 |
| Bank acceptances | 145 |
| Failed acceptors | 145 |
| Endorsements | 145 |
| — forged | 145 |
| — restrictive, should be refused | 145 |
| — without recourse | 145 |
| Revenue stamp. All bills drawn in United Kingdom must be on stamped paper | 146 |
| — on bills drawn in a set | 146 |
| Foreign stamps | 146 |
| Spoiled stamps. Value may be recovered within six months of their date | 146 |
| Presentation for payment | 146-147 |
| Where payment should be made | 147 |
| Must be made in legal tender | 147 |
| Part payment | 147 |
| In case of payment after dishonour | 147 |
| If bill is payable at London agents of country bankers | 148 |
| Bills advised but not presented for payment | 148 |
| Orders to retire acceptances | 148 |
| Special appropriations must be attended to | 148 |
| Acceptances of strangers | 148 |
| Death of acceptor | 148 |
| Payment for honour | 149 |
| — under Rebate | 149 |
| Bills recalled | 149 |
| Non-payment | 149 |
| When no notary is available, responsible person may give a certificate | 149 |
| Form of certificate | 150 |
| — notice of dishonour | 150 |
| Recovery of notarial expenses | 151 |
| Short bills | 151 |
| Lost bills and notes | 151 |

BANKING PRACTICE—continued.

| | PAGE. |
|---|---------|
| PROMISSORY NOTES | 153 |
| May be given by one promiser or several | 152 |
| Subject to statute of limitations | 152 |
| FOREIGN BILLS | 152 |
| Crossed cheques unknown abroad | 152 |
| Bills on foreign countries | 153 |
| Date. Cheques on France should have date fully written | 153 |
| Currency. Days of grace | 153 |
| Amount | 153-154 |
| Acceptance | 154 |
| Endorsement | 154 |
| Stamps | 154 |
| Course of exchange | 155 |
| Mr. Seyd's tables, showing when the Exchange is for or against us | 155 |
| Stamps | 156 |
| Protests | 156 |
| Bills falling due on Sunday | 156 |
| Days of grace | 156 |
| LETTERS OF CREDIT, CIRCULAR NOTES, &c. | 156 |
| Letter of credit described | 157 |
| Marginal letters of credit | 157 |
| Circular notes | 157-158 |
| Marginal receipts | 158 |
| CREDITS ON ACCOUNT | 158 |
| When amount once received, the transaction must not be revoked | 159 |
| Payments for account. Standing order should bear penny stamp | 159 |
| COUPONS | 159 |
| Income tax | 160 |
| When payable either here or abroad—bankers should have precise instructions | 160 |
| Should not be crossed | 160 |
| Deposit receipts | 160 |
| — should not be paid until notice expires | 160 |
| STOCKS AND SHARES | 161 |
| Sale or purchase of stock | 161 |
| Settling days | 161 |
| Form of instructions from customer | 161 |
| Government stock | 162 |
| Stock Receipt | 162 |
| Joint holdings | 162 |
| Bank of England provides its own forms | 162 |
| Powers of attorney | 163 |
| Stock sold "ex div." | 163 |
| Death of stock holder | 163 |
| Transfer of stock to legatee | 164 |
| Dividends unclaimed for ten years | 164 |
| Bank deducts income-tax | 164 |
| Certified transfers | 165 |
| Company's regulations should be ascertained | 165 |

Discussion on Mr. Moxon's Paper—

| | |
|---|---------|
| Billinghurst (H. F.) | 166 |
| Bank notes sent by post. Inconvenience of practice of cutting in half | 166 |
| Stale cheques; no established custom on this point | 166 |
| Officer signing for company should give his designation | 166 |
| Endorsement of cheques, "placed to credit of payee," practice objectionable | 166 |
| Crossing cheques to account of a particular customer | 167 |
| Presentation of cheques in excess of funds in hand | 167 |
| Cash orders. Practice of bankers to refuse collection | 167 |
| Postal orders and postal notes | 167-168 |
| Acceptances of failed firms | 168 |
| Alteration of cheques from bearer to order | 168 |
| Titles of courtesy | 168 |
| Forged endorsements | 168 |
| "Not negotiable" cheques | 168-169 |

BANKING PRACTICE—continued.

| | PAGE. |
|---|---------|
| Effects not cleared | 169 |
| Answers on cheques should be written in full | 169 |
| Bills drawn in Isle of Man and Channel Islands | 169 |
| Endorsements "without recourse" | 169 |
| Martin (J. B.) | 170 |
| Uniformity of practice | 170 |
| Cheques crossed to special account. Banker's risk not greatly increased | 171 |
| Certification of cheques | 171 |
| When words and figures differ | 171 |
| Coupons | 171-172 |
| Stocks | 172 |
| Moxon (T. B.) in reply | 172 |
| The law as to forged acceptances and endorsements | 172 |
| Extracts from Chalmers and Byles | 172 |

SECOND PART.

| | |
|--|---------|
| INTRODUCTORY REMARKS. | 444 |
| ACCOUNTS OF CUSTOMERS | 445 |
| Should not be opened for a stranger without an introduction | 445 |
| Minors cannot enter into contracts | 446 |
| Personal accounts | 446 |
| Consolidation of accounts in estimating customer's liability | 446 |
| Married women | 446 |
| Married Women's Property Act, 1882 | 446 |
| Lunatic customer | 447 |
| Agents for customers. Authority should be in writing | 477 |
| Banker should satisfy himself that agent has authority he assumes | 447 |
| Cancellation of authority | 447 |
| Agent acting under power of attorney | 447-448 |
| Deceased customer, transactions upon account must cease | 448 |
| Deceased married woman's separate property | 448 |
| Production of probate or letters of administration | 448 |
| Registers of deaths at Somerset House can be searched | 448 |
| Executor's accounts, cheques can be signed by one | 449 |
| Personal liability of executors | 449 |
| Joint accounts | 449 |
| — in name of husband and wife or father and child | 450 |
| Partnership accounts | 450 |
| Liabilities of partners | 450 |
| Division of assets in event of liquidation | 451 |
| Contracts with partners | 451 |
| Transactions to bind a firm must be apparently in interests of partnership | 451 |
| Title of firm | 452 |
| Dissolution of partnership | 452 |
| Retirement or introduction of partners | 452 |
| Surviving partner can deal with property | 453 |
| Limited partnerships | 453 |
| Trust accounts, bankers should avoid opening | 453 |
| Precautions to be taken | 453 |
| Bankruptcy or death of trustees | 454 |
| Charitable trusts | 454 |
| Official liquidators and assignees | 454 |
| Companies' accounts | 454 |
| Articles of Association may be inspected | 455 |
| Corporations cannot make or endorse bills, except under special authority | 455 |
| Poor Law, Highway Board, Local Board, and School Board accounts | 455 |
| Friendly and Building Societies | 455 |
| Balance sheets of customers | 455-456 |
| — analysed | 456 |
| — points on which a banker should require information | 456-457 |
| ADVANCES | 457 |
| Marriage settlements | 458 |
| Bankers advances should not be employed as fixed capital | 458 |

BANKING PRACTICE—continued.

| | PAGE. |
|--|------------|
| Advances to firms whose principal house is abroad | 459 |
| — married women | 459 |
| — agents | 459 |
| — deceased debtor's representatives | 459 |
| — partnerships | 460 |
| — receivers and liquidators of estates | 460 |
| — companies, societies, and corporations | 460 |
| — limited companies | 460 |
| Working of an account | 460 |
| Statute of limitations | 461 |
| Set off | 461 |
| SECURITIES | 461 |
| General lien | 461 |
| Securities specifically deposited | 461 |
| — collateral | 462 |
| — realisation of | 462 |
| Memorandum of deposit | 462 |
| — terms of | 462 |
| Surety terminating his liability | 464 |
| Security should be described as "continuing" | 464 |
| Appropriation of payments, Clayton's rule | 464 |
| Guarantees | 465 |
| — who may guarantee | 465 |
| — jointly and severally | 465 |
| — form of | 465-466 |
| — general provisions of | 466 |
| Bonds under seal | 466 |
| Post-obit bonds | 466 |
| Stocks and shares | 466-467 |
| Forfeiture of shares | 467 |
| Trading companies' first lien on shares | 467 |
| Transfer of shares | 467 |
| Registration of transfers | 468 |
| American railway shares | 468 |
| Debentures and bonds | 468 |
| Bearer bonds | 469 |
| Notices of lien | 469 |
| Life policies, the least reliable of securities | 469 |
| Land securities | 469-470 |
| Titles of holders of landed property | 470 |
| Examination of deeds | 470 |
| Mortgages | 471 |
| — second | 471 |
| — equitable | 471 |
| — — written memorandum advantageous, but not necessary | 472 |
| Copyhold property | 472 |
| Second mortgages, unsatisfactory form of security | 472 |
| Leaseholds | 472-473 |
| Mortgage deeds | 473 |
| Equity of Redemption | 473 |
| Consolidation of Mortgages | 473 |
| Tacking | 473-474 |
| Valuations | 474 |
| Sites and house property | 474 |
| Shops, warehouses, and uncovered land | 475 |
| Ground-rents | 475 |
| Works, Mines, etc. | 475 |
| Fire losses | 476 |
| Goods as security | 476 |
| Bills of lading, ship's copy | 467-477 |
| — Should be accompanied by insurance policy | 477 |
| Bills of sale | 477 |
| Stoppage in transitu, right of vendor of goods | 478 |
| Mortgages of ships | 478 |
| Dock and warehouse warrants | 478 |
| Assignments of debts | 479 |
| Warrants of Attorney | 479 |
| Cognovit actionem | 479 |
| Judges' orders | 479-480 |
| Garnishee order | 480 |
| Writ of elegit | 480 |

BANKING PRACTICE—continued.

| | PAGE. |
|---|--|
| <i>Discussion on Mr. Mowon's Paper. (Second part.)</i> | |
| Slater (Robert) | 481 |
| Personal accounts, as to banker retaining partner's private balance against debt due from firm | 481 |
| Martin (J. B.) | 481 |
| Wills of customers | 481 |
| Ambiguity of words "collateral security" and "guarantee" | 481-482 |
| Tritton (J. Herbert) | 482 |
| Whether it is desirable for a banker to encourage balance-sheets | 482 |
| BANKS— | |
| Australasian bank returns. Summaries | 183, 365, 419, 504 |
| — interest on deposits and advances | 53 |
| ENGLAND (BANK OF) bankers' balances | 309 |
| — bullion in | 313 |
| — diagram, shewing fluctuations in rate of discount, 1864-1883, facing page | 42 |
| — fluctuations in accounts | 377-378 |
| — management of lotteries | 78 |
| — note issues, monthly averages | 586 |
| — — comparison of position of fixed issues | 587 |
| — rate of discount as affecting prices | 39 |
| — working of the bankruptcy estates account | 403 |
| — weekly Returns | 68, 122, 186, 242, 290, 366, 428-430, 498, 501, 575 |
| — — summary, Nov. 5, 1884, to Oct. 28, 1885 | 582-583 |
| FRANCE (BANK OF), issue of unsecured notes, 1870-1873 | 47 |
| — silver held by | 192 |
| — weekly Returns | 69, 123, 187, 243, 291, 367, 431-433, 499, 502, 576 |
| — — summary, Nov. 6, 1884, to Oct. 29, 1885 | 584-585 |
| GERMANY (IMPERIAL BANK OF), deposit of securities. Increase of charge | 62 |
| — weekly Returns | 69, 123, 187, 243, 291, 367, 431-433, 499, 502, 576 |
| IRELAND, note issues, monthly averages, and comparison | 586-587 |
| SCOTLAND, reduction of interest on deposits | 438, 580 |
| — note issues, monthly averages, and comparison | 586-587 |
| BANKRUPTCY ACT, 1883. Report of the Inspector-General for year 1884 | |
| Statement of the number of estates dealt with | 399 |
| Private arrangements | 401 |
| Comparative cost of administration of Acts of 1869 and 1883 | 402 |
| Working of the arrangements with the Bank of England | 403 |
| — inquiry into the working of, by the Institute of Bankers | 282 |
| — result | 404-406 |
| — suggestions of Institute of Chartered Accountants | 176-177 |
| — of parties to bill of exchange. <i>Question</i> (with answer) | 417 |
| — of trustees | 454 |
| BANQUE DE CONSTANTINOPLE, Accounts | 420 |

| | PAGE. |
|---|--|
| BARNETT (Robt. W.)— | |
| — United States notes | 262-270 |
| — Clearing House returns | 271-275 |
| — silver currency | 387-396 |
| BARNLEY BANKING CO., Limited, Accounts | 184 |
| BEARER Bonds | 469 |
| BELFAST BANKING CO., Limited, Accounts | 496 |
| BELGIUM, Silver coinage in | 397 |
| — stamp duties in | 569 |
| BETTERNESS, Assay expression explained | 252 |
| BILLINGHURST (H. F.) Remarks in Discussion. (Moxon on English Banking Practice) | 166-169 |
| — (Walford on Lotteries). | 90 |
| BILLS OF EXCHANGE— | |
| acceptances of married women | 355 |
| Australasian banks. Summary of returns | 183, 365, 419, 504 |
| bankruptcy of parties to | 115, 417 |
| banking practice | 138-151 |
| discounted prior to acceptance | 65 |
| drawn on France | 494-495 |
| foreign laws and customs relating to | 152-156 |
| forged endorsements | 181 |
| France (Bank of), returns. Nov. 1884, to Oct. 1885 | 584, 585 |
| holder in due course | 285 |
| liability of collecting bank | 64 |
| on back of bill | 355 |
| presentment through post-office | 286 |
| post-dated, bankruptcy of acceptor | 115 |
| Questions on points of practical interest with answers of the Council | 64-65, 115, 179, 181, 285-287, 353-355, 417, 494-495 |
| BILLS OF LADING, law and custom relating to | 143 |
| — as security | 476-477 |
| BILL OF SALE as security | 477 |
| BI-METALLISM | 226 |
| BIRMINGHAM BANKING CO., Limited, Accounts | 118 |
| BIRMINGHAM, DUDLEY AND DISTRICT BANKING CO., Limited, Accounts | 420 |
| BIRMINGHAM JOINT STOCK BANK, Limited, Accounts | 184 |
| BIRMINGHAM AND MIDLAND BANK, Limited, Accounts | 420 |
| BLACKBURN and District Benefit Building Society <i>v.</i> Cunliffe, Brooks & Co. Report of case | 486-494 |
| BLAND ACT, coinage of silver under | 193, 390, 395, 440, 441 |
| BOARD OF TRADE. Returns, as to bullion. | 38 |
| BOLLES (Albert S.) "Practical Banking," notice | 101 |
| BOSTON, use of silver certificates in | 275 |
| BOURNE (Stephen), on Capital | 415 |
| BOWEN (Mr.) Remarks in discussion (Walford, on lotteries) | 91 |
| BRADFORD BANKING CO., Limited, Accounts | 118 |
| BRADFORD COMMERCIAL BANK, Limited, Accounts | 118 |
| BRADFORD DISTRICT BANK, Limited, Accounts | 420 |
| BRADFORD OLD BANK, Limited, Accounts. | 420 |
| BRAZIL, stamp duties in | 569 |
| BRISTOL AND WEST OF ENGLAND BANK, Limited, Accounts | 118 |
| BRITISH LINEN CO. BANK, Accounts | 420 |
| BRITISH MUSEUM, foundation in 1753 | 92 |
| BROAD, <i>in re ex parte</i> Neck. Report of case | 230-236 |

| | PAGE. |
|---|--------------|
| BRONZE. Coinage in Great Britain | 126 |
| — at Royal Mint, 1884 | 340 |
| BUCKS AND OXON UNION BANK, Limited, Accounts | 118 |
| BUILDING SOCIETIES, Accounts of | 455 |
| — power to borrow | 486-494 |
| BULLION. Charges when sent by rail | 126 |
| — in Bank of England | 313 |
| BURTON, UTTOXETER AND ASHBOURNE UNION BANK, Accounts | 420 |
| BURY BANKING Co., Limited, Accounts | 420 |
| CALEDONIAN BANKING COMPANY, Limited, Accounts | 420 |
| CALIFORNIA. Discovery of gold in | 44 |
| — silver mining in | 211 |
| CANADA. Stamp duties in | 564 |
| CAPE COLONY. Stamp duties in | 565 |
| CAPITAL. Paper read by Wm. Westgarth before British Association | 414-415 |
| CAPITAL AND COUNTIES BANK, Limited, Accounts | 420 |
| CARAT system in assaying | 252 |
| CARLISLE CITY AND DISTRICT BANK, Limited, Accounts | 184 |
| CARLISLE AND CUMBERLAND BANK, Limited, Accounts | 118, 420 |
| CARTER (Theodore). Remarks in Discussion. (Walford on Lotteries) | 89-90 |
| CASH ORDERS. Law and practice | 137 |
| — drawn in France. <i>Question</i> (with Answer) | 354 |
| CAVANAGH (C). The law of money securities. <i>Notice</i> | 558 |
| CENTRAL BANK OF LONDON, Limited. Accounts | 118, 422 |
| CERTIFICATION of Cheques | 171 |
| CHANNEL ISLANDS. Bills drawn in | 169 |
| CHARGES. Banker compelled to give particulars of interest, etc., if demanded. <i>Question</i> (with Answer) | 116 |
| CHARITABLE TRUSTS | 454 |
| CHARTERED BANK OF INDIA, AUSTRALIA AND CHINA. Accounts | 288 |
| CHARTERED MERCANTILE BANK OF INDIA, LONDON AND CHINA. Accounts | 288 |
| CHEQUE BANK, Limited, Accounts | 422 |
| CHEQUES. | |
| Answer—refer to drawer | 238 |
| Banker should examine crossing | 115 |
| Banker only accountable to his customer | 128 |
| Cancellation of paid, customary, but not compulsory | 64 |
| Conditional | 65 |
| Crossing in United States | 102 |
| Crossed specially to another banker, collection should be declined | 116 |
| — by banker | 447 |
| — not negotiable | 561-562, 132 |
| Dishonoured, returned, afterwards provided for | 560-561 |
| — presenting banker cannot demand special form of answer | 116 |
| Drawn by Guardians, acting as Rural Sanitary Authority, require stamp | 355 |
| Endorsements to cheques. See <i>Endorsements</i> | |
| Forged Signatures | 132 |
| Illiterate drawer | 131 |
| Local Government Board will not issue cheques to bearer | 128 |
| Post dated. If dated Sunday and presented on previous day | 179 |
| — — penny stamp sufficient | 406-407 |
| Receipt on back | 553 |
| Stale | 128, 166 |
| Stolen. Liability of exchanging bank | 355 |

CHEQUES—continued.

| | PAGE. |
|---|---|
| Time for presentment for payment | 117 |
| To order of "John Smith, executor" | 181 |
| Undated. Holder may insert true date | 128 |
| Words and figures differ | 131 |
| <i>See English Banking Practice.</i> | |
| CHEVASSUS (Henry). Silver as a Universal Medium of Currency | 505-557 |
| CHINA, demand for silver in | 545, 554 |
| — probable railway enterprise in | 51 |
| CHRIST'S Hospital scholars selected to draw lottery tickets | 81 |
| CHRONOLOGY (Banking) | 578-581 |
| CHUBB (Hammond). Remarks in Discussion (Walford on Lotteries) | 87-88 |
| CIRCULAR NOTES | 157, 158 |
| CIRCULATION. (See Notes) | |
| CITY BANK, Limited, Accounts | 118, 422 |
| CITY BANK, SYDNEY, Accounts | 288, 496 |
| CITY OF MELBOURNE BANK, Limited, Accounts | 496 |
| CLAYTON'S RULE as to appropriation of payments | 464 |
| CLEARING HOUSE. Clearings in London and New York, 1874-1885 | 508 |
| — Rules, answer to cheque. Question (with answer) | 238 |
| — increased volume of cheques | 439 |
| — London. Totals for eight months to 31st December, 1884 | 62 |
| — — Totals, 1868-1884 | 227-229 |
| — — Weekly Returns | { 70, 124, 188, 244, 292, 368, 434-436, 500, 503, 577 |
| — — Summary, Nov. 5, 1884, to Oct. 28, 1885 | 588 |
| CLYDESDALE BANK, Limited, Accounts | 184 |
| COALS, production and prices, 1874-83 | 21, 32 |
| COCHINEAL, stocks and prices, 1874-83 | 15, 30, 49 |
| COCOA, stocks and prices, 1874-83 | 9, 27 |
| COFFEE, stocks and prices, 1874-83 | 9, 28-29 |
| COGNOVIT Actionem | 479 |
| COIN, short lodged by customer, remedy. Question (with answer) | 237 |
| COINAGE of silver dollars in United States | 55 |
| — silver in Latin Union | 191 |
| — of Great Britain | 125 |
| — comparative wear and tear of, Experiments at Royal Mint, 1884 | 343 |
| <i>See Currency, Gold, Silver.</i> | |
| COLLATERAL SECURITIES | 461, 481 |
| COLONIAL BANK, Accounts | 422 |
| COLONIAL BANK OF AUSTRALASIA, Accounts | 496 |
| COLONIAL BANK OF NEW ZEALAND, Accounts | 240, 422 |
| COMMANDITE Partnerships | 453 |
| COMMERCIAL CRISES. Origin of | 381 |
| COMMERCIAL BANK OF AUSTRALIA, Limited, Accounts | 240, 422 |
| COMMERCIAL BANK OF CORNWALL, Limited, Accounts | 422 |
| COMMERCIAL BANKING COMPANY OF SYDNEY, Accounts | 240, 422 |
| COMMERCIAL BANK OF SOUTH AUSTRALIA, Accounts | 422 |
| COMMERCIAL BANK OF TASMANIA, Accounts | 496 |
| COMPANIES, Accounts of | 454 |
| — advances to | 460 |
| CONSOLIDATED BANK, Limited, Accounts | 118, 422 |
| CONSOLS, Decline in price of | 439 |

CONSOLS—continued.

| | PAGE. |
|---|---|
| — price of. (Weekly returns) | { 70, 124, 188, 244, 292, 368, 434-436, 500, 503, 577 |
| CONTRACTS. Partnership | 451 |
| COPPER. Stocks and prices, 1874-83 | 18, 32 |
| CORK (Nathaniel). Notes on the silver question | 279-281 |
| Remarks in Discussion (Chevauss on Silver as a universal medium of currency) | 549-551 |
| CORNISH BANK, Limited, Accounts | 288 |
| CORPORATIONS. Accounts of | 455 |
| COTTON. Stocks and prices, 1874-83 | 13, 24-25 |
| Increased export by India | 194 |
| COUNTRY BANKER (The). Notice. (George Rae) | 288-284 |
| COUNTY OF GLOUCESTER BANK, Limited, Accounts | 184, 422 |
| COUNTY OF STAFFORD BANK, Limited, Accounts | 184 |
| COUPONS | 159-160 |
| COVENTRY UNION BANKING COMPANY, Accounts | 422 |
| CRAVEN BANK, Limited, Accounts | 118, 422 |
| CREDITS on account | 158-159 |
| CRICKMAY (Mr.) Remarks in Discussion (Hansard on the prices of some commodities, 1874-83) | 45-46 |
| — (Schmidt on the future of silver) | 215-216 |
| CROMPTON & EVANS' UNION BANK, Limited, Accounts | 422 |
| CROSBIE (Andrew). Interest Tables. Notice | 484 |
| CUMBERLAND UNION BANK, Limited, Accounts | 118 |
| CUNLIFFE, BROOKS & Co. Blackburn and District Benefit Building Society &c. Report of case | 486, 494 |
| CURRENCY. Definition of the word | 549 |
| Fractional in United States | 267 |
| Of postage stamps in United States | 266 |
| United States. Annual Report of Comptroller | 95-100 |
| CUSTOMS and Inland Revenue Bill, 1885, provisions as to income tax | 344-348 |
| DAYS of grace on foreign bill payable in London. Question (with answer) | 179 |
| DEATH of customer, banking procedure on | 448 |
| — — notice to banker. Question (with answer) | 180 |
| — married women | 448 |
| — register at Somerset House | 448 |
| DELHI AND LONDON BANK, Limited, Accounts | 240, 496 |
| DEL MAR (Alex.) Remarks in Discussion (Schmidt on Silver) | 203-208 |
| DENMARK, stamp duties in | 569 |
| DEPOSITS of Australasian banks, summary of returns | 183, 365, 419, 504 |
| — England (Bank of), Weekly Returns, Summary, Nov. 5, 1884, to Oct. 28, 1885 | 582-583 |
| — France (Bank of), Weekly Returns, Summary, Nov. 6, 1884, to Oct. 29, 1885 | 584-585 |
| — of Joint Stock banks. See <i>Joint Stock Bank accounts</i> | |
| — inscribed stock, issue by Union Bank of Australia | 559-560 |
| — payable on demand, risk to banker | 380 |
| DEPOSIT RECEIPTS, are not transferable | 160 |
| — exemption from stamp duty | 179 |
| — form for reverse side of | 67 |
| — in name of husband and wife, discharge of both required | 238 |
| — payable to "either or survivor" stamp not necessary | 65 |
| — stamp duty on repayment of | 60-61 |
| — unusual to issue recognising a trust | 180 |
| See <i>English Banking Practice</i> | |

| | PAGE. |
|--|--|
| DERBY AND DERBYSHIRE BANKING Co., Limited, Accounts | 422 |
| DERBY COMMERCIAL BANK, Limited, Accounts | 288, 422 |
| DEUTSCHE BANK, Limited, Accounts | 288 |
| DEVER, <i>ex parte</i> . <i>In re</i> Suse. Report of case | 103-114 |
| DEVON AND CORNWALL BANK, Limited, Accounts | 240 |
| DISCOUNT, tables of, <i>notice</i> (T. B. Gumersall) | 178 |
| — (Rate of). Bank of England Weekly Returns, Nov. 5, 1884, to Oct. 28, 1885. Summary | 582-583 |
| — ——— diagram showing movements in rate, 1864-83, facing page 42. | |
| — Bank of France Weekly Returns, Nov. 6, 1884, to Oct. 29, 1885 | 584-585 |
| DISHONOURD CHEQUE, afterwards provided for. <i>Question</i> (with answer) | 560-561 |
| — ——— presenting banker cannot demand special form of answer. <i>Question</i> (with answer) | 116 |
| DISSOLUTION of partnership | 462 |
| DIVIDEND WARRANT. Endorsed "per pro." banker should refuse. <i>Question</i> (with answer) | 237 |
| — payable to two persons, one signature sufficient. <i>Questions</i> (with answers) | 180, 286 |
| — form of receipt issued by limited company. <i>Question</i> (with answer) | 285 |
| DIVIDENDS. Provisions of Act for securing income tax on foreign and colonial | 414 |
| DOCK WARRANTS as security | 478 |
| DOCUMENTARY Bills | 142 |
| DRAWING, mode of, in lotteries | 80 |
| DUMBELLS BANKING Co., Limited, Accounts | 184, 422 |
| EGYPTIAN banker. <i>Illustration</i> | 351 |
| ENCYCLOPÆDIA BRITANNICA, Vol. XVIII., <i>notice</i> | 178 |
| ENDORSEMENT. Banker should examine on bill attached to cheque | 116 |
| by receiver in bankruptcy | 287 |
| cheque to order of executor | 181 |
| — ——— agent for insurance company | 66 |
| — to bearer, banker must examine | 353 |
| — to order of solicitor for plaintiff | 495 |
| dividend warrants | 180 |
| forged | 181 |
| — liability of collecting banker | 495 |
| marksman, address of witness required | 561 |
| payee's name need not appear first | 287 |
| per pro., usual form | 354 |
| — to dividend warrant should be refused | 237 |
| — title | 560 |
| — by firm | 562 |
| prefixed by "Mr." (erased) irregular | 116 |
| second, discharge required | 66 |
| third | 495 |
| United States, banker liable on forged | 102 |
| Questions on points of practical interest, with answers of the Council | 65-66, 115-116, 180-181, 237, 286- 287, 353-354, 495, 560-562 |

See *English Banking Practice*.

| | PAGE. |
|---|--|
| ENGLAND, note issues in United Kingdom, monthly averages . . . | 586 |
| — comparison of position of fixed issues in . . . | 587 |
| See <i>Banks—England, Bank of.</i> | |
| ENGLISH BANK OF RIO DE JANEIRO, Limited, Accounts . . . | 422 |
| ENGLISH BANKING PRACTICE: See <i>Banking Practice.</i> | |
| ENGLISH, SCOTTISH AND AUSTRALIAN CHARTERED BANK, Accounts . . . | 184, 422 |
| EQUITABLE MORTGAGES . . . | 471-472 |
| EQUITY OF REDEMPTION as security . . . | 473 |
| EXAMINATIONS, May, 1885 (Institute of Bankers). Papers . . . | 356-364 |
| Results . . . | 418 |
| EXCHANGE, rates of, on London . . . | 68, 122, 186, 242, 290, 366, 428-430, 495, 501, 675 |
| EXCHANGE AND DISCOUNT BANK, Limited, Accounts . . . | 118, 422 |
| EXECUTORS, Accounts of . . . | 449 |
| FACTORS' ACTS . . . | 173 |
| Expediency of codification . . . | 173 |
| Safety in making advances on documents of title . . . | 173 |
| Legislation on the subject . . . | 173 |
| Legal decisions. <i>Johnson v. Credit Lyonnais</i> . . . | 173 |
| Ambiguity of Acts of Parliament . . . | 174 |
| Definition of terms . . . | 174 |
| Object of proposed Bill . . . | 175 |
| — Action of the Institute . . . | 437 |
| FIRE, losses by, on land or at sea. Practice of Insurance Companies . . . | 476 |
| FIRMS, titles of . . . | 451-452 |
| Dissolution of . . . | 452 |
| FLUCTUATIONS (Commercial) . . . | 221-226 |
| FORBES (G.) on the Millieme system in Assays . . . | 252-253 |
| FOREIGN BILL. Days of grace . . . | 179 |
| Noting of. <i>Question (with answer)</i> . . . | 354 |
| FOREIGN ORDER, stamp on. <i>Question (with answer)</i> . . . | 417 |
| FORFEITURE OF SHARES . . . | 467 |
| FORGED bank notes . . . | 126 |
| Endorsements . . . | 181, 495 |
| Signatures . . . | 132 |
| FOXWELL (Prof.) on Capital . . . | 415 |
| FRANCE, abolition of lotteries . . . | 89 |
| hoardings of silver in . . . | 550 |
| protests in . . . | 156 |
| stamp duties in . . . | 569-570 |
| stamp duty on Bills. <i>Question (with answer)</i> . . . | 494-495 |
| See <i>Banks—France, Bank of.</i> | |
| FRANCO-GERMAN WAR INDEMNITY, payment of . . . | 3-4, 47 |
| FRIENDLY SOCIETIES, Accounts of . . . | 455 |
| FUNDING SYSTEM, applied to State Finances in England . . . | 74 |
| GARNISHEE ORDER . . . | 480 |
| GEBER's description of the process of Assaying . . . | 248 |
| GERMAN BANK OF LONDON, Accounts . . . | 184 |
| GERMANY, demonetisation of silver by . . . | 190 |
| silver question in . . . | 279-281 |
| stamp duties in . . . | 570 |
| withdrawal of small gold coins . . . | 509 |
| See <i>Banks—Germany, Imperial Bank of.</i> | |
| GIFFEN (R.) on Prices . . . | 2, 7 |
| GINGER, stocks and prices, 1874-1883 . . . | 14, 29 |
| GLAMORGANSHIRE BANKING Co., Limited, Accounts . . . | 184, 422 |

| | PAGE. |
|---|--------------|
| GLoucestershire Banking Co., Limited, Accounts | 422 |
| GLYN, MILLS, CURRIE & Co., registration as unlimited Company, | 100, 438 |
| Accounts | 184, 422 |
| GOLD. Absorption by Germany, Italy and United States | 37 |
| Certificates in United States | 267 |
| Coinage at Mint in 1884 | 338 |
| Condition of the coinage (Jevons) | 224-225 |
| Decrease in product of the world | 206 |
| Economy in use of | 36 |
| Effect of scarcity on rate on interest | 37 |
| Imports and exports of bullion and specie, 1874-1883 | 38 |
| — — — 1858-1884. <i>Table</i> | 527 |
| Liabilities of India | 194 |
| Light gold. Report of the Mint | 342, 343 |
| Movements of, on foreign account, in 1884. <i>Table</i> | 63 |
| Production in United States | 98 |
| Scarcity of | 36 |
| State of the coinage | 440 |
| Statistics of weight of bullion | 245 |
| United States Treasury | 392 |
| England (Bank of), weekly returns summary, Nov. 5, 1884, to Oct. 29, 1885 | 582-583 |
| France (Bank of), weekly returns summary, Nov. 6, 1884, to Oct. 30, 1885 | 584-585 |
| See <i>Coinage</i> . | |
| GOLDSMITHS' MONEY. Confiscation by Charles II. | 86 |
| GOODS as security | 476 |
| GOSCHEN on the appreciation of gold | 440 |
| GRAY (S. O.) Remarks in discussion (Hansard on the prices of some commodities, 1874-83) | 47-48 |
| — (Walford on lotteries) | 93-94 |
| GREECE, Stamp duties in | 570 |
| GREGORIAN CALENDAR | 139 |
| GREENFELL (H. R.) Remarks in Discussion. (Chevassus on Silver as a universal medium of currency) | 547-548 |
| GROSVENOR (W. M.) American Securities. <i>Notice</i> | 484 |
| GROUND RENTS as security | 475 |
| GUARANTEES | 465-466 |
| Stamp duty on. <i>Question</i> (with Answer) | 181 |
| GUMERSALL (T. B.) Tables of Discount. <i>Notice</i> | 178 |
| GWYTHYR (J. H.) Remarks in Discussion. (Schmidt on the future of silver) | 216 |
| HALIFAX AND HUDDERSFIELD UNION BANK, Limited, Accounts | 118 |
| HALIFAX COMMERCIAL BANKING COMPANY, Limited, Accounts | 422 |
| HALIFAX JOINT-STOCK BANK, Limited, Accounts | 118 |
| HANSARD (Luke). On the prices of some commodities during the decade, 1874-83 | 1-53 |
| Remarks in discussion (Schmidt on the future of silver) | 216-219 |
| HARVESTS in United Kingdom, 1874-83 | 4-7 |
| — Giffen on bad harvests | 7 |
| — effect of good or bad harvests on national prosperity | 381-382 |
| HARVEY (A. S.) Remarks in discussion. (Aitcheson on Banker's Cash reserve) | 335-336 |
| — (Chevassus on silver as a universal medium of currency) | 551-553 |
| — (Roberts on assays) | 258-259 |
| — vote of thanks to President | 302, 442-443 |
| HENDRIKS (Frederick). Remarks in Discussion. (Walford on Lotteries) | 88-89 |

| | PAGE |
|--|--------------|
| HIDES. Stocks and Prices, 1874-83 | 17, 30 |
| HIGHWAY BOARDS. Accounts of | 455 |
| HOARE (Henry). Remarks in discussion (Hansard on the prices of some commodities, 1874-83) | 43-45 |
| HOLLAND, silver market in | 192 |
| Stamp duties in | 570 |
| Re-introduction of lotteries in | 71 |
| HOLY BIBLE. Revised Version. <i>Notice</i> | 350-352 |
| HONG KONG AND SHANGHAI BANKING CORPORATION, Limited, Accounts | 288, 496 |
| — in re Suse. (<i>Legal Decision</i>) | 103 |
| HOVE BANKING COMPANY, Limited, Accounts | 118 |
| HUDDERSFIELD BANKING COMPANY, Limited, Accounts | 118 |
| HULL BANKING COMPANY, Limited, Accounts | 184 |
| HUSBAND AND WIFE. Accounts in joint names | 450 |
| IMPERIAL BANK, Limited, Accounts | 118, 422 |
| — OF GERMANY. See <i>Banks, Germany</i> . | |
| IMPERIAL OTTOMAN BANK, Accounts | 422 |
| IMPORTS and Exports, United Kingdom, 1874-83 | 34 |
| INCOME TAX, provisions of Customs and Inland Revenue Bill, 1885 | 344-348 |
| — calculation of, on coupons | 160 |
| — circular from Inland Revenue authorities | 413-414 |
| INDIA Council bills | 198 |
| — Gold liabilities of | 194 |
| — Gold in | 548 |
| — result of suspension of Bland Act to | 197 |
| INDIAN Exchanges | 199 |
| INDIES (East), stamp duties in | 565 |
| INDORSEMENT. (See <i>Endorsement</i> .) | |
| INSTITUTE OF BANKERS. Report of Council and Balance-sheet | 293-300 |
| Examination papers, May, 1885 | 356-364 |
| results | 418 |
| President's inaugural address, Session 1885-86 | 437-443 |
| enquiry into the working of the Bankruptcy Act, 1883 | 282, 404-406 |
| letter to Postmaster-General on postal orders | 407-408 |
| INSURANCE of hazards in lotteries | 82 |
| INTEREST on deposits in Australia | 53 |
| — tables, by Andrew Crosbie and W. C. Law, <i>notice</i> | 484 |
| INTERNATIONAL BANK OF LONDON, Limited, Accounts | 240 |
| INVESTIGATIONS in currency and finance (W. Stanley Jevons), <i>notice</i> | 221-226 |
| — average variations in Bank of England accounts, <i>tables</i> reproduced from | 373 |
| IONIAN BANK, Accounts | 422, 496 |
| IRELAND. Bankers' and merchants' map of, <i>notice</i> | 352 |
| Note issues, monthly averages | 586 |
| — comparison of position of fixed issues | 587 |
| IRON, stocks and prices, 1874-83 | 18, 30-2 |
| ISLE OF MAN BANKING CO., Limited, Accounts | 240, 424 |
| ISLE of Man, bills drawn in | 169 |
| ITALY, silver coinage of | 276 |
| stamp duties in | 571 |
| JEVONS (W. Stanley). Investigations in currency and finance, <i>notice</i> | 221-226 |
| average variations in bank accounts. <i>Tables</i> | 373 |
| sun spot theory | 35, 223, 385 |
| JOHNSON v. Credit Lyonnais | 173 |
| JOINT ACCOUNTS | 450 |
| — payment to surviving partners | 66 |

| | |
|--|--|
| JOINT STOCK BANK, accounts | { 118-121, 184-185, 240-241, 288-289, 420-427, 496-497 |
| — — — Companies (Law and Practice of), by A. Pulbrook. | |
| <i>notice</i> | 416 |
| JUDGES' orders | 479, 480 |
| JUTE, stocks and prices, 1874-88. | 12, 30 |
| KNARESBORO' AND CLARO BANKING CO., Limited, Accounts | 424 |
| LANCASHIRE AND YORKSHIRE BANK, Limited, Accounts | 118 |
| LANCASTER BANKING CO., Accounts | 184 |
| LANGTON (Wm.) On autumnal drain of gold | 375 |
| LATIN Union and the position of silver | 276-278 |
| coinage of silver in | 191 |
| present position of the | 396-398 |
| LAW (Wm. C.) Interest tables, <i>notice</i> | 484 |
| LAW of money securities, <i>notice</i> (C. Cavanagh) | 558 |
| LEAMINGTON PRIORS AND WARWICKSHIRE BANK, Limited, Accounts | 120 |
| LEASEHOLDS as security | 472-473 |
| LEEDS AND COUNTY BANK, Limited, Accounts | 120, 424 |
| LEGAL DECISIONS AFFECTING BANKERS | { 103-114, 230-236, 486-494 |
| LEGAL tender defined | 126 |
| LEICESTERSHIRE BANKING CO., Limited, accounts | 184 |
| LETTERS of Administration | 448 |
| LETTERS of credit | 156-158 |
| LEVI (Leone). On Capital | 415 |
| LIABILITY of banker to customer. <i>Question</i> (with answer) | 353 |
| — on forged endorsement. <i>Question</i> (with answer) | 495 |
| of customer having several accounts | 446 |
| of maker of promissory notes. <i>Question</i> (with answer) | 563 |
| of partners | 450 |
| LICENSES of lottery-office keepers | 81 |
| bankers issuing notes. <i>Question</i> (with answer) | 562 |
| LIEN, notices of | 468-469 |
| LIFE Policies as security | 469 |
| LIMITED partnerships | 453 |
| LINCOLN AND LINDSEY BANKING CO., Accounts | 424 |
| LIVERPOOL COMMERCIAL BANK, Limited, Accounts | 120 |
| LIVERPOOL UNION BANK, Limited, Accounts | 184 |
| LLOYDS, BARNETTS AND BOBANQUET'S BANK, Limited, Accounts | 184 |
| LOAN certificates in United States | 274 |
| LOANS to brokers by Bank of England. | 306 |
| LOCAL Boards, Accounts of | 455 |
| LOCHRAKE (Ferdinand). 'Bankers' and merchants' map of Ireland, <i>notice</i> | 352 |
| LONDON AND COUNTY BANK, Limited, Accounts | 184, 496 |
| LONDON AND HANSEATIC BANK, Limited, Accounts | 288 |
| LONDON AND NORTH-WESTERN DISTRICT BANK, Limited, Accounts | 184, 424 |
| LONDON AND PROVINCIAL BANK, Limited, Accounts | 120, 424 |
| LONDON AND SAN FRANCISCO BANK, Accounts | 424 |
| LONDON AND SOUTH-WESTERN BANK, Limited, Accounts | 184, 424 |
| LONDON AND WESTMINSTER BANK, Limited, Accounts | 120, 424 |
| LONDON AND YORKSHIRE BANK, Limited, Accounts | 288, 424 |
| LONDON BANK OF MEXICO AND SOUTH AMERICA, Limited, Accounts | 288 |
| LONDON CHARTERED BANK OF AUSTRALIA, Accounts | 424 |
| LONDON JOINT STOCK BANK, Limited, Accounts | 120, 424 |
| LONDON, PARIS AND AMERICAN BANK, Accounts | 288 |

LOTTERIES. The part they have played in State Finance By the late
Cornelius Walford—

| | |
|--|-------|
| Re-introduction of lotteries in Holland | 71 |
| State lotteries defined | 72 |
| Unreliability of indexes to the statutes and "reference" authorities | 72 |
| First State lottery authorised in 1693 | 73 |
| Authorities on the subject | 73 |
| Legislation, the "omnibus" bills of 17th and 18th centuries | 74 |
| Application of funding system to State finances in England | 74 |
| Origin of funding system in Venice and England | 74 |
| Enforced loans by early monarchs | 75 |
| English State lotteries (<i>Table</i>), arranged in chronological sequence, with their leading financial features | 75-77 |
| Mode of operation | 77 |
| Attempts to popularise the funding system | 77 |
| Employment of lotteries for floating national loans | 77 |
| Blank tickets | 78 |
| Management of lotteries by the Bank of England | 78 |
| Excitement throughout the kingdom on approach of a lottery drawing | 79 |
| All State lotteries drawn in the Guildhall | 80 |
| Shares secured in advance by private bankers | 80 |
| Mode of drawing | 80 |
| Prizes | 81 |
| Lottery office keepers | 81 |
| Selection of Christ's Hospital Scholars to draw tickets | 81 |
| Variations in terms and features of lottery schemes | 82 |
| Insurance of hazards | 82 |
| Licenses | 82 |
| Profits | 82-83 |
| Control of the money for Exchequer necessities was the primary object | 83 |
| Lost tickets | 83 |
| Repressive legislation | 83 |
| Discontinuance of State lotteries | 84 |
| Retention of lottery system by foreign nations | 84 |
| Adam Smith on lotteries | 84 |
| Sinclair's scheme of a compulsory lottery | 84-85 |
| Parliamentary enquiry in 1808 | 85 |
| Extract from Report of Committee | 85 |
| Exemption in favour of art unions | 85 |

Discussion on Mr. Walford's Paper.

| | |
|---|----|
| Price (F. G. Hilton) | 86 |
| Confiscation of goldsmith's money by Chas. II. | 86 |
| National Debt first started in 1694 | 86 |
| Lottery dividends paid at Bank of England and Exchequer | 86 |
| Blank tickets | 86 |
| Chubb (Hammond) | 87 |
| Lotteries regarded as banking operations | 87 |
| — a regular source of income to the Government | 87 |
| Demoralising effect of lotteries | 87 |
| Strong expression of opinion against lotteries | 87 |
| Hendriks (Frederick) | 88 |
| Idea first arose in Venice and Genoa Republics | 88 |
| Gregorio Leti's "Criticism on Lotteries" | 88 |
| Lottery agents were the greatest gainers | 89 |
| England the first country to suppress lotteries | 89 |
| Lotteries a tax on the spirit of gaming | 89 |
| Abolition of lotteries in France in 1836 | 89 |
| Carter (Theodore) | 89 |
| Lotteries in Portugal | 89 |
| — undertaken for benefit of infirmaries, &c. | 90 |
| Tax of 15 per cent. to the Government | 90 |
| Lottery offices in Lisbon | 90 |
| Advertised in official "Gazette" | 90 |
| Billinghurst (H. F.) | 90 |
| Benefit to the Government | 90 |
| Bowen (Mr.) | 91 |
| Prizes paid in Government Stock | 91 |
| Lotteries a means of borrowing money for the State | 91 |

LOTTERIES (DISCUSSION)—continued.

| | PAGE |
|---|------------------|
| Taylor (Mr.) | 91 |
| Bribing Members of Parliament | 91 |
| Extract from Sir Brakine May's "Constitutional History of England" | 91 |
| Lotteries in the time of the Roman Empire | 92 |
| Extract from Evelyn's Diary | 92 |
| British Museum founded by means of a lottery, in 1753 | 92 |
| Ryder (Hon. H. D.) | 92 |
| Extracts from bank ledgers as to lottery tickets | 92 |
| Options | 92 |
| Lotteries in this country perfectly odious in any shape or form | 92 |
| Formalities at drawings in Rome | 92 |
| Gray (S. O.) | 93 |
| "Omnium" definition | 94 |
| — examples | 94 |
| LUNACY OF CUSTOMER | 447 |
| MACDONNELL (John). Factors' Acts | 173-175 |
| MALT LOTTERY, 1723. | 86, 93 |
| MANCHESTER AND COUNTY BANK, Limited, Accounts | 120, 424 |
| MANCHESTER AND LIVERPOOL DISTRICT BANK, Limited, Accounts | 120 |
| MANCHESTER AND SALFORD BANK, Limited, Accounts | 184 |
| MANCHESTER JOINT STOCK BANK, Limited, Accounts | 184 |
| MANX BANK, Limited, Accounts | 184, 424 |
| MARGINAL RECEIPTS AND LETTERS OF CREDIT | 157-158 |
| MARINE NATIONAL BANK OF NEW YORK | 57-59 |
| MARKSMAN, endorsement by. Question (with answer) | 561 |
| MARRIAGE SETTLEMENTS | 458 |
| MARRIED WOMEN, advances to | 459 |
| — as executrix | 449 |
| — death of. | 448 |
| — opening banking accounts | 446 |
| — Property Act, 1882 | 446 |
| MARTIN (John B.) Remarks in discussion (Hansard on the prices of some commodities, 1874-83) | 48-51 |
| — (Moxon on English Banking Practice). | 170-172, 481-482 |
| — (Roberts on Assays) | 256-257 |
| — (Schmidt on the Future of Silver) | 213-215 |
| MARTIN (R. B.) Remarks in Discussion. (Aitcheson on Bankers' cash reserves) | 333-334 |
| — (Hansard on the prices of some commodities, 1874-1883) | 43 |
| — (Roberts on Assays) | 256 |
| — (Schmidt on the Future of Silver) | 202-203 |
| MEMORANDUM OF DEPOSIT OF SECURITIES | 463-464 |
| MERCANTILE BANK OF SYDNEY, Accounts | 240, 424 |
| MERCHANT BANKING COMPANY OF LONDON, Accounts | 184 |
| MERCHANT'S CLERK (The). Notice. (John Pearce.) | 178 |
| METROPOLITAN NATIONAL BANK OF NEW YORK | 59 |
| MEXICAN DOLLARS, composition of | 260 |
| — coinage of | 277 |
| MILLIEME, system in assaying | 252-254 |
| MINES, as security | 475-476 |
| MINORS, acceptances by, invalid | 143 |
| — deposit in favour of. (Question with answer) | 180 |
| — as to opening banking accounts | 445 |
| MINT, adoption of decimal method in bullion transactions | 253 |
| — annual report, 1884 | 333-343 |
| — assays at | 254 |
| — in India, coinage of silver | 552-556 |

| | PAGE. |
|---|--|
| MISCELLANEA | 62-63, 100, 176-177, 413-415, 483, 559-560 |
| MONEY, references to, in the Bible | 350-352 |
| MOXON (Thomas B.), English banking Practice | 125-172 |
| — Second Part | 444-482 |
| MORTGAGES, as security | 471-475 |
| — of ships | 478 |
| MUNSTER BANK, suspension of | 438, 581 |
| MUNSTER AND LEINSTER BANK | 581 |
| NATAL, stamp duties in | 565 |
| NATIONAL BANK ACT, United States | 55 |
| NATIONAL BANKS, United States, comparative statement for eleven years | 96 |
| NATIONAL BANK, LIMITED, Accounts | 120, 424 |
| NATIONAL BANK OF AUSTRALASIA, Accounts | 424 |
| NATIONAL BANK OF INDIA, Limited, Accounts | 288 |
| NATIONAL BANK OF NEW ZEALAND, Accounts | 424 |
| NATIONAL BANK OF WALES, Limited, Accounts | 288 |
| NATIONAL PROVINCIAL BANK OF ENGLAND, Limited, Accounts | 424 |
| NATIONAL DEBT, first started in 1694 | 86 |
| NATIONAL DEBT ACT, 1885, full text and Treasury minute | 409-418 |
| NECK, ex parte, <i>in re</i> Broad, report of case | 230-236 |
| NEW LONDON AND BRAZILIAN BANK, Limited, Accounts | 496 |
| NEW ORIENTAL BANK CORPORATION, Limited, Accounts | 424 |
| NEW SOUTH WALES, contract with Associated Banks | 177 |
| — first savings bank in | 559 |
| — issue of loan | 581 |
| — stamp duties in | 565-566 |
| — summary of bank returns | 183, 365, 419, 504 |
| NEW YORK CLEARING HOUSE ASSOCIATION | 271-275 |
| — Associated banks, weekly returns | { 70, 124, 188, 244, 292, 368, 434-436, 500, 503, 577 |
| NEW ZEALAND, issue of loan | 578 |
| — stamp duties in | 566 |
| — summary of bank returns | 183, 365, 419, 504 |
| NORTHAMPTON UNION BANK, Limited, Accounts | 288 |
| NORTH AND SOUTH WALES BANK, Limited, Accounts | 184 |
| NORTH EASTERN BANKING CO., Limited, Accounts | 184, 424 |
| NORTH OF SCOTLAND BANK, Limited, Accounts | 496 |
| NORTHERN BANKING CO., Limited, Accounts | 424 |
| NORTH WESTERN BANK, Limited, Accounts | 120 |
| NORWAY, stamp duties in | 571 |
| NOTES (Bank), Australian | 127 |
| — Australasian Banks, summary of returns | 183, 365, 419, 504 |
| — Country | 126 |
| — Destroyed | 127 |
| — England (Bank of), legal tender | 126 |
| — Summary of weekly returns, Nov. 5, 1884, to Oct. 28, 1885 | 582-583 |
| — Foreign | 127 |
| — France (Bank of), summary of weekly returns, Nov. 6, 1884, to Oct. 29, 1885 | 584-585 |
| — Germany (Imperial Bank of), see <i>Weekly Returns</i> | |
| — Half | 127 |
| — Lost | 127 |
| — Sent by post | 127 |
| — Stopped | 127 |

NOTES—continued.

| | PAGE. |
|---|---------|
| United Kingdom, monthly averages, Oct. 18, 1884, to Sept. 19, 1885 | 586 |
| — Comparison of fixed issues in | 587 |
| United State, <i>Notice</i> | 262-270 |
| (Promissory) see <i>Promissory Notes</i> . | |
| NOTING, foreign bill, payable without acceptance | 354 |
| NOT NEGOTIABLE, does not imply any limitation of the negotiability of cheque. <i>Question</i> (with answer). | 561-562 |
| NOTTINGHAM AND NOTTS BANKING COMPANY, Limited, Accounts | 288 |
| NOTTINGHAM JOINT STOCK BANK, Accounts | 120 |
| OFFICIAL LIQUIDATORS, Accounts of | 454 |
| OLDHAM JOINT STOCK BANK, Accounts | 424 |
| OMNIBUS BILLS of 17th and 18th Century | 74 |
| OMNIUM, definition of | 94 |
| OPTIONS | 93 |
| OTTOMAN EMPIRE, stamp duties in | 571-572 |
| OTTOMAN PUBLIC DEBT, stamp duties | 62-63 |
| OXIDATION, assay of silver by | 249 |
| PANICS, periodic recurrence of | 370 |
| PARE'S LEICESTERSHIRE BANKING COMPANY, Limited, Accounts | 120 |
| PARR'S BANKING COMPANY, Limited, Accounts | 120 |
| PASTORAL ADVANCES OF AUSTRALASIAN BANKS | 53 |
| PARTNERSHIPS, accounts | 450-481 |
| Advances | 460 |
| Dissolution of | 452 |
| Limited | 453 |
| Payment to survivor. <i>Question</i> (with answer) | 66 |
| PEARCE (JOHN), The Merchant's Clerk, <i>notice</i> | 178 |
| PEPPER, stocks and prices, 1874-88 | 14, 27 |
| PERIODIC COMMERCIAL AND FINANCIAL FLUCTUATIONS considered in their relation to the business of Banking. Prize Essay, by W. A. Steel. | |
| I.—Rapidly in advance or decline of trade | 369 ✓ |
| Alteration of periods of depression and revival | 369 |
| Periodic recurrence of panics | 370 |
| Influence of the seasons on the various industries | 370 |
| Liability of the money market to serious disturbance | 370 |
| Monthly and quarterly variations of the money market | 371 |
| Effect of amounts due on fourth day of month, on "private deposits" in the Bank of England accounts | 371 |
| Variations caused by payment of dividends on National Debt | 372 |
| Changes in circulation of notes reduced by large use of cheques and clearing system | 372 |
| Variations in monetary system reflected in Bank of England accounts | 372 |
| Extent of quarterly variations in the bank accounts | 372 |
| Average variations from week to week of the month, 1862-71, and from week to week of the quarter, 1872-81. <i>Tables</i> reproduced from Prof. Jevons' "Investigations in Currency and Finance" | 373 |
| Regularity of variations in "private securities" and "private deposits" | 374 |
| Quarterly average fall in reserve of notes and coin, and corresponding increase in circulation | 374 |
| II.—Annual tide in commercial affairs | 374 |
| Diminution of reserve of notes and coin in October and November | 374 |
| Frequent occurrence of crisis in those months | 375 |
| Mr. William Langton on the "autumn drain" of gold | 375 |
| Annual expansion and contraction of the currency | 375 |
| Movements of coin, a marked element of October drain | 375 |
| Average excess (1855-82) of payments or receipts of British coin at the Bank of England (<i>Table</i>) | 376 |
| Reasons for autumn demand for gold | 376 |
| Stimulus of the harvest to all kinds of trade | 376 |
| Special demand arising twice yearly for Scotland and Ireland | 376 |

PERIODIC COMMERCIAL AND FINANCIAL FLUCTUATIONS—continued.

| | PAGE |
|---|---------|
| October demand for gold more gradual than it appears | 377 |
| Gradual demand for money throughout the country operates suddenly on central reserve of coin at Bank of England | 377 |
| Foreign demand in autumn | 377 |
| Bank of England. Fluctuations in reserves of notes and coin, circulation, and private securities | 377-378 |
| Effect of the crisis of 1866 on the average variations in Bank of England accounts | 378 |
| Regular variations not dangerous, as difficulty can be foreseen | 378 |
| III.—Periodicity of commercial crises | 379 |
| Highly organised state of commerce and credit system in England | 379 |
| Peculiar liability of England to panics | 379 |
| Result of sudden contraction of the credit system | 380 |
| Development of our banking system aggravates effect of panic | 380 |
| Deposit money repayable on demand, an always present element of risk | 380 |
| Starting point of panic a decrease in Bank of England reserve | 381 |
| Origin of crises | 381 |
| Effect of agricultural depression on the national prosperity | 381 |
| Average consumption and cost to the nation of wheat, 1817-39. <i>Table</i> | 382 |
| A succession of good harvests, the first condition of general commercial improvement | 382 |
| Crises usually occur after a succession of plentiful seasons | 382 |
| Speculation, caused by cheap money, operates in the withdrawal of capital from ordinary industries | 382 |
| Influence of a large unusual expenditure on wages and production | 383 |
| Circumstances attending the crisis of 1835 | 383 |
| Scarcity of money, the inevitable effect of rapid absorption of capital | 383 |
| Causes leading to a foreign drain of bullion | 384 |
| Usual termination of panics, a rise in the rate of discount, or a relaxation in the currency law | 384 |
| Reasons for periodical recurrence of crises | 384 |
| Fluctuations in trade require considerable time to complete themselves in | 384 |
| Recurrence of crises every ten or eleven years | 384-385 |
| Periodicity of crises ascribed, by some, to the condition of the sun working through the world's harvests | 385 |
| Professor Jevons on the sun-spot theory | 385 |
| Tendency to decennial variation in the vintages of Europe | 385 |
| Variation in Eastern trade determined by sun's condition as affecting harvests | 386 |
| Influence on home trade of demand from the East | 386 |
| Causes of panics often small compared with the effects | 386 |
| IV.—Value to bankers of a knowledge of trade fluctuations | 386 |
| The provision of a due reserve | 386 |

POLICY OF INSURANCE.

| | |
|--|----------|
| — marine | 477 |
| — notice to Insurance Company. <i>Question (with Answer)</i> | 182 |
| — as security to banker | 469 |
| POOR-LAW BOARD. Accounts of | 455 |
| POPULATION OF UNITED KINGDOM, 1874-83 | 8 |
| PORTUGAL. Lotteries in | 89-90 |
| Stamp duties in | 572 |
| POSTAL CURRENCY in the United States | 266 |
| POSTAL ORDERS AND NOTES | 187 |
| — Correspondence with Postmaster-General | 407-408 |
| POST-DATED CHEQUE. Dated Sunday, presented Saturday. <i>Question (with Answer)</i> | 179 |
| Letter from Commissioners of Inland Revenue | 406-407 |
| POST OBIT BONDS | 466 |
| POWERS OF ATTORNEY | 163 |
| — agents acting under | 447-448 |
| PRESENTATION for payment of bills of exchange | 146-148 |
| PRESTON BANKING COMPANY, LIMITED. Accounts | 240, 426 |
| PRICE (F. G. Hilton). Remarks in Discussion. (<i>Walford on Lotteries</i>) | 86 |

PRICES of some Commodities during the Decade, 1874-83, by Luke Hansard—

| | |
|---|-----|
| Economic distinction between the terms "value" and "price" . . . | 1 |
| Influence on prices of supply and demand . . . | 2 |
| — of speculation, or of a depreciated currency . . . | 2 |
| Papers on the subject, by Giffen, Patterson, and Gooehen . . . | 2 |
| Explanation as to the commodities selected for comparison . . . | 3 |
| General rise in prices and wages, and chief incidents affecting Commerce in 1873 . . . | 3 |
| Details of the payment of the Franco-German War Indemnity . . . | 2-4 |
| Period of re-action and financial collapses on the Continent and in America, in 1873 . . . | 4 |
| Decline of wages, trade disputes, reduced demand for labour in Europe and United States, and abundant harvest, in 1874 . . . | 4-5 |
| Continued fall in prices, heavy failures, defaults by Foreign Governments, and bad harvest, in 1875 . . . | 5 |
| Fluctuations in silver, speculation in sugar, and harvest under the average, in 1876 . . . | 5 |
| War between Russia and Turkey, political contest in France, iron trade disturbed, cattle plague, and bad harvest, in 1877 . . . | 5 |
| Severe bank and other failures, Treaty of Berlin, Afghan difficulty, wet season, and further fall in prices, in 1878 . . . | 5-6 |
| Resumption of specie payments by United States, American demand caused revival of prices, in face of one of the worst harvests on record, in 1879 . . . | 6 |
| Fluctuation and subsequent decrease in prices, and harvest favourable, in 1880 . . . | 6 |
| Events in the Transvaal, speculation, and indifferent harvest, in 1881 . . . | 6 |
| Failure of negotiations for new Commercial Treaty with France, collapse of electric light mania, failure of French banks, and good harvest, in 1882 . . . | 6-7 |
| New Tariff Bill in United States, Liverpool failures, and improved harvest, in 1883 . . . | 7 |
| Marked effect on prices of the French War Indemnity, the resumption of specie payments by United States, and the long succession of bad harvests . . . | 7 |
| Mr. Giffen on bad harvests as affecting prices . . . | 7 |

TABLES.

Statements of the stocks and prices of certain commodities, 1874-83, and proportionate results, taking year 1874 as 100.

| | |
|--|-------|
| Population, sugar, tea | 8 |
| Coffee, cocoa | 9 |
| Rice, indigo | 10-11 |
| Silk, jute | 12 |
| Wool, cotton | 13 |
| Pepper, ginger | 14 |
| Tobacco, cochineal | 15 |
| Nitrate of soda, saltpetre | 16 |
| Hides, tallow | 17 |
| Iron, copper, tin | 18 |
| Timber | 19 |
| Wheat, animals | 20 |
| Coals | 21 |
| Index numbers | 22 |
| Difficulty of obtaining information of stocks held | 22 |
| Of twenty-five selected articles, prices of twenty-one have fallen | 23 |
| — — — stocks of fifteen have increased | 23 |
| Decrease in stock of indigo more apparent than real | 24 |
| Cotton, fluctuations in stocks and prices | 24 |
| — — — stocks gradually risen since 1878 | 25 |
| — — — comparative statement of imports, exports and consumption | 25 |
| Tobacco decreased in stock, price, and consumption | 25 |
| — deliveries for home consumption, London, and net imports | 26 |
| Nitrate of soda decreased in stock and price, owing to supply exceeding demand | 26 |
| Saltpetre, stock decreased, no regular demand except in case of war | 26 |
| Tallow, price slightly lower than in 1874 | 26 |
| Timber, supply exceeds demand | 26-27 |
| Silk, cocoa and pepper decreased in stock but risen in price | 27 |
| Meat, importation increased but price much the same | 27 |
| Sugar, increase in consumption due to low prices | 27 |
| — — — annual home consumption, comparative statement | 28 |

PRICES—continued.

| | PAGE. |
|--|-------|
| Tea, stocks increased and prices fallen | 28 |
| — annual home consumption, comparative statement | 28 |
| Coffee, stocks in United Kingdom and abroad largely increased, but home consumption fallen | 28 |
| — annual home consumption, comparative statement | 29 |
| Rice, fluctuations in price not important. Stocks increased | 29 |
| Ginger stocks increased—price risen since 1881 | 29 |
| Wool, annual home consumption—comparative statement | 29 |
| — heavier fall in English wool compared with Colonial | 29 |
| Jute, increase in stock and consequent fall in price | 30 |
| Cochineal, supply exceeds demand | 30 |
| Raw hides, stock increased and price fallen | 30 |
| Iron, lead. Stocks of iron increased and prices steadily fallen | 30 |
| — Review of the trade | 31 |
| — Tonnage of shipbuilding—comparative statement | 32 |
| Copper, tin. Stock increased, price lower | 32 |
| Wheat. No accurate record of stock | 32 |
| — Growth of trade with India | 32 |
| Coals. No statistics of stock—production in excess of demand | 32 |
| Summary of comparisons | 33 |
| Imports and exports—United Kingdom. Value of merchandise with proportion per head of population (<i>Table</i>) | 34 |
| Causes of depression in trade | 34 |
| Effect of good or bad harvest on trade | 35 |
| Price of bread an important factor in the rate of wages | 35 |
| Professor Jevons's sun-spot theory | 35 |
| How far prices affected by supply of gold | 35-36 |
| Economy in use of gold owing to settlement through foreign exchanges and clearing house | 36 |
| The rise or fall of prices according to gold supply | 36 |
| No scarcity of gold apparent, notwithstanding large absorption by Germany, Italy, and United States | 37 |
| Effect of scarcity of gold on rate of interest | 37 |
| Quotation from Mr. Goschen on "Foreign Exchanges" | 37-38 |
| Fluctuations in Bank of England rate | 38 |
| Board of Trade returns, gold bullion and specie, 1874-83 (<i>Table</i>) | 38 |
| Recent fall of prices not attributable to scarcity of gold | 39 |
| Influence on prices of a low rate of interest, and increased facilities for credit | 39 |
| Prices during last ten years not affected by any extensive increase of credit | 39 |
| Lessened cost of production and wages | 39-40 |
| Fall in silver has not affected prices | 40 |
| Main cause of depression of trade is over-supply | 40 |
| Abnormal state of prosperity and high prices, the effect of the Franco-German War | 41 |
| Re-action following this increased production | 41 |
| Extended use of the telegraph affecting supply and stocks | 41 |
| Marked and general fall in prices during 1874-83 | 41 |
| Summary of conclusions | 41-42 |

DIAGRAM.

Minimum Bank of England rate of discount from 1864 to 1883.

Discussion on Mr. Hansard's Paper—

| | |
|---|----|
| Martin (R. B.) | 43 |
| Suitability of the paper to this Institute | 43 |
| Slater (Robt.) | 43 |
| General depression of trade | 43 |
| Hoare (Henry) | 43 |
| Increased demand for gold, the principal cause of the fall of prices | 43 |
| Influence of demand and supply on the value of gold | 44 |
| Diminished supply of gold during last ten years | 44 |
| Effect on prices of gold discoveries in California and Australia | 44 |
| Depreciation of gold thus caused partially counteracted by improvements in machinery, &c., and absorption of gold by France | 44 |
| Production of gold, from 1845 to 1873, in excess of demand | 44 |
| Bank rate no guide to exchangeable value of gold | 45 |
| — low rate arises from diminished demand for loans | 45 |
| Increased imports of gold over exports, due to increase of population, and trade consumption of gold | 45 |

PRICES—continued.

| | PAGE. |
|--|--------------------|
| Crickmay (Mr.) | 45 |
| Low range of prices attributed to over-importation | 45 |
| Large increase of stocks of tea, coffee and sugar | 45 |
| — of imports, 1874-83 | 46 |
| — influence on exports | 46 |
| Increased imports have created over-production | 46 |
| Gray (S. O.) | 47 |
| The period selected inappropriate for comparison of prices | 47 |
| Disturbing effect on prices of Franco-German war | 47 |
| Bank of France—large issue of unsecured notes during 1870-78 | 47 |
| Money thus created rendered prices abnormally high in 1878 | 47 |
| Reduction of issue of unsecured notes by Bank of France | 47 |
| Exceptional position of metals as regards prices | 48 |
| Benefit to consumers of low prices | 48 |
| Martin (J. B.) | 48 |
| Difficulties in the compilation of statistics | 48 |
| Mr. Tooke's dictum, that an excess in quantity produces a great relative decrease in price | 49 |
| Special causes for low price of cochineal. | 49 |
| Meat.—Increase in price and decrease in consumption of mutton | 49 |
| In a healthy condition of trade, prices have a downward tendency | 50 |
| Erection of factories, notwithstanding depression of trade | 50 |
| Economy of production and reduction of wages | 50 |
| Division of profit between employer and employed | 50 |
| Narrow margin of manufacturers' profit | 50 |
| Prospective development of markets in Africa and China | 51 |
| Interest of bankers in the prosperity of the nation | 51 |
| Hansard (Luke). Reply | 51 |
| Effect on prices of demand for gold | 51 |
| Estimate of gold added to United States' circulation during past ten years | 51 |
| No scarcity of gold for currency experienced | 51 |
| Economy in use of gold by extra issue of notes in France | 52 |
| — at home and abroad by extended use of banking facilities | 52 |
| Rate of interest a guide to the demand for gold for currency purposes | 52 |
| — differs in India, owing to securities not being so reliable. | 52 |
| — on deposits in Australia | 53 |
| — pastoral advances of Australian banks | 53 |
| No accurate statistics available of consumption of gold for ornamental purposes | 53 |
| Over-importation and the fall of prices | 53 |
| Wages | 53 |
| Mr. Tooke's proposition as to supply and demand not verified | 53 |
| Low prices, over-production, and the appreciation of gold | 53 |
| PRIZE ESSAY FOR 1884-85 | 369-386 |
| — 1885-6. Subject | 302, 349 |
| PRIZES IN LOTTERIES | 81 |
| PROBATES | 448 |
| PROBYN (Leslie C.). Remarks in Discussion. (Schmidt on the future of Silver) | 212-213 |
| PROFITS OF LOTTERY OPERATIONS | 82-83 |
| PROMISSORY NOTES, Banking Practice | 138-152 |
| Liability of maker. <i>Question (with answer)</i> | 563 |
| Statute of Limitations. <i>Question (with answer)</i> | 180 |
| PROVINCIAL BANK OF IRELAND Accounts | 120, 426 |
| PULBROOK (Anthony). Law of Public Companies, notice | 416 |
| PYX, Trial of the | 259 |
| QUEENSLAND, deposit of pure gold discovered in | 247 |
| Stamp duties in | 566 |
| Summary of bank returns | 183, 365, 419, 504 |
| QUEENSLAND NATIONAL BANK, Accounts | 240, 426 |

PAGE.

| | |
|---|------------------|
| QUESTIONS ON POINTS OF PRACTICAL INTEREST, with | 64-67, 115-117 |
| Answers of the Council | 179-182, 237-239 |
| | 285-287, 353-355 |
| | 417, 494-495 |
| | 560-563 |

For Questions answered, see *Acceptances, Bankruptcy, Bills of Exchange, Cash Orders, Cheques, Crossings, Deposit Receipts, Dividend Warrants, Endorsements, Guarantees, Licenses, Life Policies, Notes, Noting, Overdrawn Accounts, Partnerships, Promissory Notes, Signatures, Stamps, Statute of Limitations, Stolen Cheques, Transfers.*

| | |
|--|-------------------|
| RAE (George). The Country Banker, notice | 283-284 |
| RAILWAYS. Charges for carrying bullion | 126 |
| — Extension of | 217 |
| RAILWAY SHARES, American | 468 |
| REALISATION OF SECURITIES | 462 |
| REBATE, payment of bills under | 149 |
| RECEIPT, form of, for payment of dividends. Question (with answer) | 285 |
| for money placed to account. Question (with answer) | 561 |
| on back of cheque. Question as to stamp duty (with answer) | 353 |
| RENTES, 3 % French. Weekly returns | 70, 124, 188, 244 |
| | 292, 368, 434-436 |
| | 500, 503, 577 |

RESERVE.—ON THE RATIO A BANKER'S CASH RESERVE should bear to his liability on Current and Deposit Accounts, as exemplified by the London Clearing Joint Stock Banks; and on the relation of the Clearing Banks to the Bank of England. By W. J. Aitchison

303

| | |
|---|---------|
| The relation between Bankers' cash reserves and liability must be founded on experience | 303 |
| Private Banks accounts not included in the enquiry | 303 |
| Reserves stated in the half-yearly balance-sheets shew the maximum amounts proved to be necessary | 304 |
| Uniform system of accounts not yet adopted | 304 |
| Half-yearly averages differ from general averages of reserve to liabilities | 304 |
| Commercial crises and failures since 1886 | 304-305 |
| Increase in cash reserves after crisis | 306 |
| Practice of keeping cash reserves at the Bank of England | 306 |
| Reliance on aid from the Bank of England in time of pressure | 306 |
| Loans to brokers at call | 306 |
| Funds with which the Bank of England makes advances | 306 |
| Distinction between the Issue and Banking Departments | 306 |
| Bank of England receives Bankers' reserves as a department of the State | 306 |
| Mutual convenience of the arrangement | 307 |
| Instances where bankers' balances exceed Bank of England reserve | 307 |
| Variations in Bank of England reserve more marked than in case of Clearing Banks | 307 |
| Ratio of reserve per week, compared with total reserve for the year | 307 |
| Extensive fluctuations in Bank of England Reserve and Deposits | 307-308 |
| No constancy in variation of Bankers' balances | 308 |
| Bank of England relies on Bankers' balances as ultimate reserve | 308 |
| — adjusts payments and receipts of the country | 308 |
| Course of mercantile settlements | 309 |
| Bankers' balances included in item "Other Deposits" | 309 |
| Significance of the loan of any part of them is thus lost sight of | 309 |
| Bank of England Weekly Return examined | 309 |
| — Reserve not generally affected by advances | 309 |
| Increase in rate of discount the only means of replacing reserve | 310 |
| Difference between the Bank and market rate if avoidable an injury to trade | 310 |
| Effect on Bank of England of diminution of reserve below bankers' balances | 310 |
| Comparison between Bank and market rate of discount | 310-311 |

RESERVE—continued.

| | PAGE. |
|---|---------|
| Bank rate is only an index of the condition of Bank of England reserve | 311 |
| Evidence that Bank of England lends bankers' balances | 311 |
| Advantages and disadvantages of present method of taking account of bankers' balances | 311-312 |
| Legal tender notes issued by the State in its own name would make position of Bank of England clear | 312 |
| Bankers' balances should be a separate item in Weekly Returns | 312 |
| Statement of last Weekly Return showing bankers' balances | 312 |
| Import and Export of gold | 313 |
| Bullion in the Bank of England | 313 |
| Withdrawal of gold in 1867, and the suspension of the Bank Act | 313 |
| Condition of the reserve under the suspension of the Act | 313-314 |
| Importance of import and export of gold as affecting reserve of banking department. | 314 |
| Average rates of London banks' cash reserve to liabilities about 14½ per cent. | 314 |
| Advances of Bank of England in time of pressure virtually made by the State | 314 |

TABLES.

| | |
|---|--------------|
| A. The London Clearing Joint Stock Banks' ratio of cash reserves to liabilities on Current and Deposit Accounts 1866-1883 | 315-318, 323 |
| B. Variations of ratios of percentages of cash in hand and at the Bank of England to liabilities on current and deposit accounts of the London Clearing Joint Stock Banks | 319-322 |
| C. Bankers' balances; total deposits, less bankers' balances; and reserve, notes and coin, less bankers' balances from 1866 to 1877 | 323-327 |
| D. Variation of yearly ratios of percentage of the Bank of England's reserve to its deposits, after the deduction of the bankers' balances. Diagram | 329-330 |
| E. Bank of England—Returns of the Banking Department for 1878 | 328 |
| F. Smallest amount of coin and bullion held by the Issue Department of the Bank of England in each year, from 1844 to 1883, inclusive | 331 |
| G. Bank of England.—Returns of the Issue and Banking Departments for 1867 | 332 |

Discussion on Mr. Aitchison's Paper—

| | |
|--|---------|
| Martin (R. B.) | 333 |
| Reserve of cash required will be proved by experience | 333 |
| Separation of bankers' balances in Bank of England returns | 333 |
| Use of the word "Reserves" applied to these balances misleading | 333 |
| Form in which bankers' balances should be kept, if not at Bank of England | 333 |
| Bankers would not strengthen their position by merely keeping reserves of bank notes | 333 |
| Bankers' balances at Bank of England in former times much smaller than at present | 334 |
| Difficulty of separating balances increased by ambiguity of word "Banker" | 334 |
| Same rule would apply to London bankers holding country balances | 334 |
| Convenience to bankers of keeping their balances at Bank of England | 334 |
| Harvey (A. S.) | 335 |
| Theory of the Bank Acts was that Bank of England should be custodian of ultimate cash reserve | 335 |
| Statistical interest of separate publication of bankers' balances | 335 |
| Enormous amount of credit compared with cash reserve | 335 |
| Effect of movements of gold upon the Bank reserve | 335 |
| Relation of import and export of gold to the Bank reserve | 335 |
| The suspension of the Bank Act must precede loans by the State through the Bank | 335-336 |
| Bank of England rate a mere bullion rate | 336 |
| Market rate a basis for bargaining | 336 |
| Aitchison (W. J.) In reply | 336 |
| Position of bankers' balances if the State issued its own notes instead of the Bank of England | 336 |
| Bank of England keeps much larger reserves at ordinary times than any other bank | 336 |
| Capital imported from foreign countries in shape of bonds | 337 |

RESERVE—continued.

| | PAGE. |
|---|---|
| Desirable that bank and market rates should bear a relation | 337 |
| Bank of England as keeper of bankers' balances and issuers of State notes | 337 |
| Virtual suspension of Bank Act when bankers' balances are lent | 337 |
| Wisdom in the action of the Bank of England | 337 |
| RESERVES. England (Bank of) weekly returns, summary, Nov. 5, 1884, to Oct. 28, 1885 | 582-583 |
| RETURNS, Bank, Australasian, summary of | 183, 365, 419, 504 |
| — Clearing House | 588 |
| — Weekly | 68-70, 122-124, 186-188 242-244, 290-292, 366-368 428-436, 498-503, 575-577 |
| REVIEWS | 101-102, 178, 221-226 283-284, 350-352, 416, 484 558-559 |
| RICE. Stocks and Prices, 1874-83 | 10, 29 |
| ROBERTS (Professor W. Chandler), F.R.S. Assays | 245, 261 |
| Experiments at Royal Mint as to wear of coins | 343 |
| Demonstration at Kensington before the Members of the Institute | 348 |
| ROMAN EMPIRE, lotteries in the days of | 92 |
| ROYAL BANK OF IRELAND, Limited, Accounts | 426 |
| ROYAL EXCHANGE BANK, Limited, Accounts | 426 |
| RURAL SANITARY AUTHORITY. Cheques drawn by Guardians, acting as, require stamp. <i>Question</i> (with Answer) | 355 |
| RUSDEN (G. W.) The History of Australia. <i>Notice</i> | 558-559 |
| RUSSIAN EMPIRE, stamp duties in | 573 |
| RYDER (Hon. H. D.) Remarks in Discussion. (Walford on Lotteries) | 92-93 |
| SALTPETRE. Stocks and prices, 1874-83 | 16, 26 |
| SAVINGS BANKS. United States | 102 |
| New South Wales | 559 |
| SATURDAY HALF-HOLIDAY QUESTION | 441-442 |
| SAY (Jean) on currency | 515 |
| SCHMIDT (H.) The future of silver | 189, 220 |
| Remarks in Discussion. (Chevassus on Silver as a universal medium of currency). | 544-546 |
| SCHOOL BOARD, accounts of | 455 |
| SCOTCH BANKS. Reduction of interest on deposits | 438, 580 |
| SECOND MORTGAGES as security | 471-472 |
| SECURITIES. Banker's lien | 461 |
| SELBY (Prideaux). Remarks in Discussion. (Chevassus on Silver as a universal medium of currency) | 548-549 |
| SHAKESPEARE on the ratio between gold and silver | 553 |
| SHARES | 161, 165 |
| — Certificate with transfer in blank, no real security. <i>Question</i> (with Answer) | 181 |
| — Company may refuse to recognise any form of transfer other than its own. <i>Question</i> (with answer) | 238 |
| SHEFFIELD AND HALLAMSHIRE BANK, Accounts | 426 |
| SHEFFIELD AND ROTHERHAM BANKING COMPANY, Limited, Accounts | 184 |
| SHEFFIELD BANKING COMPANY, Limited, Accounts | 184 |
| SHEFFIELD UNION BANKING COMPANY, Limited, Accounts | 426 |
| SHEKELS | 351 |
| SHIPS, Mortgages of | 478 |
| SHIPBUILDING, 1874-83 | 32 |
| SHIPPING TRADE, depression of | 439 |

| | PAGE |
|--|----------|
| SHORT BILLS | 151 |
| SILK. Stocks and prices, 1874-83 | 12, 27 |
| SILVER AS A UNIVERSAL MEDIUM OF CURRENCY (<i>a Proposition</i>), by Henry Chevasus | 505 |
| Introductory Remarks | 505 |
| Proposition for use of silver as a medium of international currency | 505 |
| Cumbronsness in use and over-production, practical objections to use of silver | 507 |
| Paper vouchers and clearing methods superseding the actual moving of metal, and hand to hand circulation | 507 |
| Cumbronsness applies to gold as well as to silver | 507 |
| Clearings in London and New York from 1874 to 1885. (<i>Table</i>) | 508 |
| Analysis of money received by banks in Great Britain and United States in 1881. (<i>Table</i>) | 508 |
| Small use of coin in the settlement of business transactions | 508 |
| Cases in which the actual transfer of coin habitually takes place | 509 |
| The till money of bankers | 509 |
| Proposal of an international silver dollar, to relieve pressure on stocks of gold, considered | 509 |
| Suggested withdrawal by Germany of gold coins of small denominations | 509 |
| Functions of gold and silver in effecting large and small payments | 510 |
| Preference given to the use of gold to meet pocket wants | 510 |
| Paper has the preference over gold and silver for large payments | 511 |
| Indispensable that precious metals should continue to fulfil the functions of currency | 511 |
| Necessity of some readily exchangeable security | 511, 512 |
| The bank rate and the gold reserve | 512 |
| The bankers' balances at the Bank of England | 512 |
| Letter from the Government to the Bank of England, giving contingent authority for an over issue of notes, in 1886 | 512, 513 |
| Illustration of the dependence placed on coin as the ultimate guarantee for transactions | 513 |
| Functions of the precious metals in the settlement of exchanges | 514 |
| Is silver less fitted than gold to fulfil this function? | 514 |
| Physical characteristics of the two metals | 515 |
| Wear and tear, the only serious cause of deterioration | 515 |
| Quotation from Jean Say | 515 |
| Suggested primary unit of new silver currency, one kilogramme of silver nine-tenths fine | 516 |
| Details of proposed scheme of international silver currency | 516 |
| 1.—A new form of legal tender silver currency to be called into existence | 516 |
| 2.—Fundamental unit of currency to be one kilogramme of silver, nine- tenths fine | 516 |
| 3.—Legal fixed ratio between the new currency and existing legal tender gold coins | 516 |
| 4.—The new currency to be coined in form of bars of silver | 516 |
| 5.—Coining, issuing and controlling of international silver bars to be a monopoly of the Governments parties to the treaty, and vested in Comptrollers-General | 517 |
| 6.—Constituents and duties of permanent international commission to be formed | 517 |
| 7.—Powers of the Comptrollers-General | 517 |
| 8.—Comptroller-General of issuing country to issue a warrant for each bar coined | 517, 518 |
| 9.—Holder of warrants shall be entitled to demand corresponding bar. Telegraphic transfer of warrants can be demanded | 518 |
| 10.—International silver warrants to be exchangeable for full legal tender gold coins | 518, 519 |
| 11.—Weekly statements to be made of issue and movements of silver warrants | 519 |
| 12.—Each country, on expiry of the treaty, responsible for redemption in gold, of bars coined by itself | 519 |
| Parties of one kilogramme of silver nine-tenths fine in legal tender gold gold monies of the countries enumerated (<i>Table</i>) | 520, 521 |
| Explanation of the above table | 522 |
| Form of proposed international silver warrants | 523, 524 |
| Utilisation of silver warrants in connection with foreign exchanges | 525 |
| Considerations involved in shipment of bullion | 525 |
| Under proposed system shipments of bullion replaced by telegraphic transfer in kilogrammes of silver | 525 |
| Course and effect of transfers | 526 |
| Position of consignee | 526 |

SILVER AS A UNIVERSAL MEDIUM OF CURRENCY—continued.

| | PAGE. |
|--|----------|
| Certainty and rapidity of proposed system over shipments of bullion | 526 |
| Registered imports and exports of gold bullion and specie into the United Kingdom, 1888-1884 (<i>Table</i>) | 527 |
| Large movements of gold in settlement of foreign trade | 527 |
| Public loans and other issues in countries party to the treaty | 528 |
| Small remittances by silver warrants | 528 |
| Use of the warrants to travellers and tourists | 528, 529 |
| Units of value and commercial statistics—expressed in kilogrammes of silver | 529 |
| Application of proposed system to India | 529 |
| Extent of practical use in India of silver warrants | 529 |
| Effect on the market price of silver | 530 |
| Working of the system as regards India examined | 530, 531 |
| Question of a possible market price of silver concurrently with and inferior to the silver warrant ratio | 531 |
| Measures advocated for steadying Indian exchanges | 532 |
| The closing of the Indian Mints to the unlimited coinage of silver into rupees | 532 |
| Introduction of a full legal tender gold currency | 532 |
| Measures which might be adopted in connection with proposed silver warrants, to facilitate unimpeded harmony in their circulation between India and Western Nations | 532, 533 |
| Indian Government might take power to buy or sell gold bullion against silver warrants at treaty ratio | 533 |
| Consolidation of existing Indian loans into silver warrant loans | 533 |
| Computation of Indian officials' salaries in silver warrant rupees | 533 |
| Over-production | 534 |
| Ratio of production of gold and silver in fifty years | 534 |
| Weight of gold and silver, produced decennially, 1831-80, conformably with Dr. A. Soetbeer's estimate. <i>Diagram facing page</i> | 534 |
| Extract from Report of Select Committee on "Depreciation of Silver," 1876 | 535 |
| Development of use of silver by adoption of silver warrants | 535 |
| Dr. Soetbeer on the question of a fixed ratio between gold and silver, and its influence on price of silver | 535, 536 |
| Power of monetary laws to keep oscillations of value within fixed limits. How far the existence of a market price of silver bullion inferior to the treaty ratio would be a detriment to proposed system | 536 |
| Recapitulation of the points of the paper | 537 |
| Scheme of international currency constructed on these propositions | 537, 538 |
| Concluding observations on the proposal | 538 |
| Appendix to the Table of Parities on pages 520 and 521, (A) Note on the method according to which the parities have been calculated | 539, 541 |
| (B) Statement of data on which the parities in the Table have been calculated | 542, 543 |
| Discussion on Mr. Chevassus' Paper. | |
| Schmidt (H.) | 544 |
| Question does not offer so many difficulties as is supposed | 544 |
| Effect on English interests, of the issue of the silver question in the United States | 544 |
| Is silver to be a legal tender among the nations of western civilisation? | 544 |
| Legal tender of the proposed silver warrants a point of difficulty | 544 |
| The Bland Act was a measure of compromise | 545 |
| The possible demand for silver in China | 545 |
| Scheme is in advance of public opinion in this country | 545 |
| Demonetisation of silver and the general fall in prices | 545 |
| Mono-metallists and bi-metallists | 546 |
| Grenfell (H. R.) | 547 |
| Some system of international currency by agreement should take place | 547 |
| The silver bar not necessary in the scheme proposed | 547 |
| Proportion of gold coin to be held | 547 |
| The standard of value throughout the world | 548 |
| Gold in India | 548 |
| Selby (Prideaux) | 548 |
| Want of definition in discussions on the standard question | 548 |
| The standard of value defined | 548 |
| Gold and silver amalgamated and made legal tender in proportions | 549 |
| The use of the word "currency" | 549 |

SILVER AS A UNIVERSAL MEDIUM OF CURRENCY—continued.

| | PAGE. |
|--|---------|
| Cork (Nathaniel) | 549 |
| Possibility of the pound sterling representing the great international currency | 549 |
| Vast amount of silver hoardings produced by the French people in 1873 | 550 |
| Rise in price of silver would cause great increase in production | 550 |
| Silver mining in Australia | 550 |
| Who is to bear the loss on the issue of silver warrants? | 550 |
| Cumbrousness of silver as compared with gold | 550 |
| Who is to be the ultimate loser by the depreciation of silver? | 551 |
| Inutility of proposed warrants in settlement of exchange | 551 |
| Harvey (A. S.) | 551 |
| The legal fixed ratio | 551 |
| Other countries not referred to in the paper, interested in the silver question | 551 |
| Poorer nations would find difficulty in procuring gold for redemption of warrants | 551 |
| The silver bars might be subject to every form of international disorder | 552 |
| Remitting at par | 552 |
| Legal tender of the warrants | 552 |
| Forgery of the small notes | 552 |
| Free coinage of silver in the Indian mint | 552 |
| The advantage of international money | 552 |
| But the universal currency must be coin and not paper | 553 |
| Triton (J. Herbert) | 553 |
| The pith of the question is in the ratio between the two metals | 553 |
| Shakespeare on the value of silver | 553 |
| Variations in the price of silver | 553 |
| Remarkable increase in production | 553-554 |
| Probability of further increase in production | 554 |
| Chevassus (H.) Reply | 554 |
| The proposed warrants would be legal tender | 554 |
| Unlimited coinage | 554 |
| The greater absorption of silver in the East | 554 |
| Trade disturbances attributed to metallic currency are also the outcome of other factors | 555 |
| The production of wheat in the States and India instanced | 555 |
| Exchangeability of the silver warrants | 556 |
| Saving of interest by the adoption of silver warrants | 556 |
| Closing of the Indian mint | 556 |
| Causes of the depreciation of silver | 556-557 |
| Transfer of the warrants | 557 |
| SILVER, the Future of. By H. Schmidt. | 189 |
| Silver. Public attention to the question | 189 |
| Fluctuations in price | 189 |
| Fixed price between 1804 and 1873 | 190 |
| Demonetisation of, by Germany | 190 |
| Influence of increased production on price of | 190 |
| Large fluctuations in price since 1875, cannot be accounted for by increased production | 191 |
| Industrial consumption of | 191 |
| Coinage in the Latin Union | 191 |
| Amount held by Bank of France | 192 |
| Sales of, by Germany | 192 |
| Market in Holland | 192 |
| United States. Coinage under Bland Act | 193 |
| Coin and certificates in circulation | 193 |
| Repeal of Bland Act recommended by Treasury | 193 |
| Effect of the operation of the Act | 193-194 |
| Influence of the Act on price of silver | 194 |
| India.—Gold liabilities | 194 |
| Increased exports of cotton and wheat | 194 |
| Effect of increased export of wheat on farming industry of United States | 195 |
| Suspension of Bland Act, favourable to | 195 |
| Prospective increase in coinage of silver in United States | 196 |
| Efforts of American Statesmen to improve the value of | 196 |
| Effect of a repeal of the Bland Act on the Continent of Europe | 196 |

SILVER—continued.

| | PAGE. |
|--|---------|
| Germany would suffer special loss | 197 |
| Suspension of Bland Act directed against England | 197 |
| Results to India | 197 |
| Ultimate effect on India | 197 |
| India Council Bills | 198 |
| Economic aspects of the question | 198 |
| Assertion that suspension of Bland Act would benefit England and India, examined | 198 |
| Steadiness in Indian Exchanges | 199 |
| Effect on England of the cessation of coinage of Silver in the United States | 199 |
| Increasing demand for currency in the United States | 199 |
| The depression of trade and the appreciation of gold | 200 |
| Injurious effect of appreciation of gold on exports, manufactures and wages | 200 |
| Increase in purchasing power of gold, means the triumph of the Stock Exchange over the labouring classes | 200 |
| Influence of a demand for gold on the Bank rate of discount | 201 |
| The depression of trade not caused by the over-production | 201 |
| Failure of attempts to discard a Silver Currency | 201 |
| The maintenance of the Silver Standard in India will protect the metal against serious depreciation | 202 |
| <i>Discussion on Mr. Schmidt's Paper.</i> | |
| Martin (R. B.) | 202 |
| The relative production of silver and gold | 202 |
| Industrial consumption of silver | 202 |
| Difficulty of removing duty on silver plate | 202 |
| Advantage of increasing the consumption of silver | 202 |
| The appreciation of gold and the price of commodities | 203 |
| Del Mar (Alex.) | 203 |
| The Bland Act | 203 |
| Supplies of gold insufficient for the coinage of in important nation | 203 |
| Present and prospective supplies of gold inadequate to maintain prices | 203 |
| Unlimited coinage of gold and silver at the United States Mint up to 1873 | 204 |
| Issue of inconvertible paper notes in 1861 | 204 |
| Demonetisation of silver dollars | 204 |
| No silver party in America prior to the formation of the Monetary Commission | 205 |
| General feeling in the United States on the subject | 205 |
| Strength of silver party is with the people, not with the miners | 205 |
| The supplementing of gold with silver a necessity in England and America | 206 |
| Falling off in the gold product of the world | 206 |
| No increase in production of gold can be expected from California or Australia | 206 |
| Other countries worked out | 206-207 |
| Increase of population and diminishing production of gold | 207 |
| Demonetisation of silver will extend issues of paper money | 207 |
| International adjustment of the ratio | 207 |
| Preference for the use of gold, if supply rendered it possible | 208 |
| Tidman (Paul F.) | 208 |
| General fall in prices due to scarcity of gold | 208 |
| Other explanations of the depression of trade | 208 |
| Effect on wages of a continuous fall in values | 209 |
| A contracted currency and appreciated standard affect the interests of the working classes | 209 |
| Benefit to India of the fall of silver | 209 |
| Depreciation of silver acting in India as a protective duty against English manufactures | 210 |
| Economic science must take cognizance of altered conditions | 210 |
| Zorn (T. J.) | 211 |
| Contraction of gold coinage due to the fact that gold mining is unprofitable in California | 211 |
| The relative production of precious metals will establish relative values | 211 |
| Money dealing in Egypt and among the Arabs | 211 |
| Gold par | 212 |

SILVER—continued.

| | PAGE. |
|--|----------|
| Probyn (Leslie C.) | 213 |
| Heavy duty on manufactured silver | 213 |
| Lord Liverpool on the coinage | 212 |
| Useless employment of gold as subsidiary coinage by Germany and France | 213 |
| Large currency of gold coins under ten shillings | 213 |
| Martin (John B.) | 213 |
| Fall in production of gold since 1874 | 213 |
| Increase in production of silver | 213 |
| Demonetisation of silver by Latin Union | 213 |
| United States. Remonetisation of silver | 213 |
| — Coinage of silver dollars | 213 |
| — Increase of paper circulation | 214 |
| — if maintained will damage interests of the country | 214 |
| — Relative quantity of food, &c., consumed to production of silver | 214 |
| Alternative effects of increase or decrease in price of silver | 214 |
| Ratio of value of silver to gold, consistently declining | 215 |
| No legislative interference with freedom of the markets can be of service to the community | 215 |
| Crickmay (Mr.) | 215 |
| Appreciation of gold, due to change of our trade relations with the world | 215 |
| Influence of a change in the bank rate on imports of gold | 215 |
| Increased balance of trade in favour of other countries | 215 |
| Foreign countries encourage exports | 216 |
| Serious displacement of home labour, and increasing imports from abroad | 216 |
| Gwyther (J. H.) | 216 |
| Effect of bi-metallism on India's prosperity | 216 |
| Exports of English manufacturers, half go to silver-using countries | 216 |
| Demonetisation of silver would check manufacture | 216 |
| Hansard (Lutke) | 216 |
| Development of the railway system in this country | 217 |
| Telegraphic and steam communication renders stock of gold more efficient than formerly | 217 |
| Light gold coin a burden to bankers | 217 |
| Causes of the appreciation of gold | 217 |
| Employment of capital | 217 |
| Fall in prices will discourage imports | 217, 218 |
| Steady diminution in the number of paupers in England | 218 |
| The purchasing power of gold and the Bank rate | 218 |
| Increase in the volume of trade since 1874 | 218 |
| Average bank rate for the last 10 years not exceptionally high | 218 |
| Increase of banking capital shewn by clearing statistics | 218 |
| — in amount paid for bill stamps | 219 |
| Schmidt (H.) Reply | 219 |
| Production of silver more even than production of gold | 219 |
| Gold so specifically heavy most likely to exist largely in the middle of the earth | 219 |
| Depreciated currency in India increases imports | 219 |
| Trade relatively scarcer than it used to be | 219 |
| If prices have fallen, gold has appreciated | 220 |
| Appreciation of gold will not permanently benefit the working classes | 220 |
| A high bank rate and paucity of bills | 220 |
| Effect on manufactures of a high bank rate | 220 |
| SILVER, average price of, 1833-1871. Table | 483 |
| — certificates in United States | 268, 277 |
| — coinage at Royal Mint in 1884 | 338-339 |
| — in Great Britain | 126 |
| — currency of United States | 387-396 |
| — depreciation | 440-441 |
| — not affecting prices | 40 |
| — fall in price of | 390 |
| — notes by Nathaniel Cork | 279-281 |

SILVER—continued.

| | PAGE. |
|---|---|
| — price of, Weekly Returns | { 70, 124, 188, 244, 292, 368, 434-436 500, 503, 577, |
| — purchased by Royal Mint, 1884 | 339 |
| — United States. Treasury | 392 |
| — — production | 98 |
| — — amount held | 98 |
| <i>See Coinage.</i> | |
| SLATER (Robert) Remarks in Discussion. (Hansard on the prices of some commodities, 1874-88). | 43 |
| — (Moxon on English Banking Practice) | 481 |
| — Vote of thanks to President | 442 |
| — Telegraphic tests. <i>Notice</i> | 416 |
| SMITH (Adam) on Lotteries | 84 |
| SODA, Nitrate of. Stocks and prices 1874-83 | 16, 26 |
| SOETBEER (Dr. A.), estimate of weight of gold and silver produced | 535 |
| SOUTH AUSTRALIA, summary of Bank returns | 183, 365, 419, 504 |
| — stamp duties in | 566 |
| SOVEREIGNS, in circulation, and light | 225 |
| — weight of | 125 |
| SPAIN, stamp duties in. | 573-574 |
| STAFFORDSHIRE JOINT STOCK BANK, Limited, Accounts | 240 |
| STALE CHEQUES. | 128, 166 |
| STAMFORD, SPALDING, AND BOSTON BANKING COMPANY, Limited, Accounts | 240 |
| STAMP DUTIES on Bills of Exchange, Promissory Notes and Cheques in the principal countries of the world. | 564-574 |
| STAMPS on advice of Customer's Acceptance payable at London Bank. <i>Question</i> (with answer) | 562 |
| Bankers' acknowledgments. <i>Question</i> (with answer) | 239 |
| Cheque drawn by Guardians acting as Rural Sanitary Authority. <i>Question</i> (with answer) | 355 |
| Deposit Receipt. <i>Question</i> (with answer) | 179 |
| — repayment of | 60-61 |
| Foreign Order | 417 |
| Guarantee. <i>Question</i> (with answer) | 181 |
| Post dated Cheque | 406-407 |
| Receipt for money placed to account. <i>Question</i> (with answer) | 561 |
| Spoiled | 146 |
| Turkey | 62-63 |
| STANDARD BANK OF SOUTH AFRICA, Accounts | 240, 496 |
| STATE LOTTERIES. <i>See Lotteries</i> | |
| STATUTE OF LIMITATIONS—Bankers Advances | 461 |
| Bonds under Seal | 466 |
| Liability of Surety. <i>Question</i> (with answer) | 181 |
| Promissory Note. <i>Question</i> (with answer) | 180 |
| Sureties' Bonds | 67 |
| STEEL, (W. A.) Periodic Commercial, and Financial Fluctuations (Prize Essay) | 369-386 |
| STOCKS AND SHARES. | 161-165, 172 |
| STOCKS AND BONDS, largely held by Bankers | 439 |
| — as security to Bankers | 466-469 |
| STOLEN CHEQUES. Liability of exchanging Bank. <i>Question</i> (with answer) | 355 |
| STOPPAGE IN TRANSITU. Right of vendor of goods | 478 |
| STUCKEY'S BANKING COMPANY, Limited, Accounts | 240, 426 |

| | PAGE. |
|--|--------------------|
| SUGAR. Stocks and prices, 1874-83 | 8, 27-28 |
| SUMMARY OF EVENTS for year ended October 31, 1884 | 578-581 |
| SUNDAY, Bills falling due on | 156 |
| SUN SPOT, Theory of, Professor Jevons | 35, 223, 385 |
| SURETIES' BONDS | 67 |
| Discharge of. <i>Question</i> (with Answer) | 181 |
| Liability of | 464 |
| SUSE, <i>in re</i> , ex parte Dever, report of case | 103-114 |
| SWALEDALE AND WRNSLEYDALE BANKING COMPANY, Limited, Accounts | 426 |
| SWANSEA BANK, Limited, Accounts | 120 |
| SWEDEN, stamp duties in | 574 |
| TACKING | 473-474 |
| TALLOW, stocks and prices, 1874-83 | 17, 26 |
| TARBUCK'S "Handbook of House Property" | 475 |
| TASMANIA, stamp duties in | 566 |
| summary of bank returns | 183, 365, 419, 504 |
| TAYLOR (Mr.) Remarks in Discussion (Walford on Lotteries) | 91-92 |
| TELEGRAPH, extended use of | 41 |
| TELEGRAPHIC TESTS, by Robert Slater, <i>Notice</i> | 416 |
| THREE TOWNS BANKING COMPANY, Limited, Accounts | 426 |
| TIMBER, stocks and prices, 1874-83 | 19, 26-27 |
| TIDMAN (PAUL F.), Remarks in Discussion (Schmidt on the Future of Silver) | 208-210 |
| TIN, stocks and prices, 1874-83 | 18, 32 |
| TITLES OF COURTESY | 129, 168, 237 |
| — firms | 452 |
| TOBACCO, stocks and prices, 1874-83 | 15, 25 |
| TOWN AND COUNTRY BANK, Aberdeen, Limited, Accounts | 240 |
| TOWN AND COUNTRY BANK, Accounts | 496 |
| TRADE DOLLARS, United States | 277, 388 |
| TRANSFERS OF STOCK | 163, 165 |
| Shares | 467 |
| — Refusal of company to accept form of. <i>Question</i> (with answer) | 238 |
| TRANSVAAL, stamp duties in | 566 |
| TRIAL PLATES | 265, 259 |
| TRITTON (J. Herbert) President's Inaugural Address, Oct., 1885 | 437 |
| Progress of the Institute | 437 |
| Factors' Acts | 437 |
| Recent banking events | 437-438 |
| Reduction of interest on deposits by Scotch banks | 438 |
| Diminution of bills due on fourths of the month | 438 |
| Depression of the shipping trade | 439 |
| Increased holding of stocks and bonds by bankers | 439 |
| Enormous volume of cheques passing through the clearing houses | 439 |
| State of the gold coinage | 440 |
| The depreciation of silver and the Bland Act | 440-441 |
| Saturday half-holiday question | 441-442 |
| Concluding remarks | 443 |
| Reply to vote of thanks | 443 |
| Remarks in Discussion (Moxon on English Banking Practice) | 482 |
| — (Chevassus on silver as a universal medium of currency) | 551-554 |
| TRUST accounts | 453 |
| TURKEY, stamp duties in | 62-63 |
| ULSTER BANK, Limited, Accounts | 426 |
| UNION BANK OF AUSTRALIA, Limited, Accounts | 426 |
| Issue of inscribed stock deposits | 559-560 |

| | PAGE. |
|--|------------|
| UNION BANK OF LONDON, Limited, accounts | 120, 426 |
| UNION BANK OF MANCHESTER, Limited, Accounts | 120, 426 |
| UNION BANK OF SCOTLAND, Limited, Accounts | 288 |
| UNION BANK OF SPAIN AND ENGLAND, Limited, Accounts | 240 |
| UNITED KINGDOM, Stamp Duties in | 564 |
| Notes Issues, monthly averages | 586 |
| UNITED STATES NOTES, by Robert W. Barnett | 262 |
| Opportunity for profitable comparison afforded by banking system of United States | 263 |
| First issue of United States notes in 1775 | 263 |
| Depreciation in their value caused great antipathy to paper money | 263 |
| No further issue of currency notes till 1861 | 263 |
| Issues of interest-bearing treasury notes in times of war and financial crisis | 263-264 |
| Acts of Congress authorising the issue of legal-tender notes | 265 |
| Litigation as to the legal-tender clause | 265-266 |
| Denominations of notes | 266 |
| Postage stamp currency | 266 |
| Demand for five and 10 cent. notes | 266 |
| Fractional currency | 267 |
| Total amount of notes outstanding | 267 |
| Gold, silver, and note-certificates | 267 |
| Gold certificates used chiefly for clearing house purposes | 267-268 |
| Silver certificates issued in exchange for silver dollars deposited in the treasury | 268 |
| Legal-tender note-certificates issued for accommodation of national banks in settlement of clearing house balances | 268 |
| National bank circulation.—Government notes in all but name | 268 |
| Difference in power as tender of the different classes of note | 269 |
| Amount and denominations of demand paper currency, outstanding on 30th June, 1884. (Table) | 269 |
| Statement and analysis of the condition of the Treasury on 31st October, 1884, as illustrating the position of the bullion reserves. (Table) | 270 |
| UNITED STATES, CLEARING HOUSE RETURNS, by Robert W. Barnett | 271 |
| Changes in number of clearing houses | 271 |
| Number of banks associated, capital, profits, total capital, &c. (Table) | 271 |
| Total clearings. Transactions for 1883 and 1884 compared (Table) | 272 |
| General decline of business shown in these reports | 272-273 |
| Condition of business in the country, years 1883 and 1884 compared (Table) | 273 |
| Use of gold coin in clearing house, abolished | 274 |
| New York Clearing House, mode of payment of balances (Table) | 274 |
| Loan certificates | 274 |
| Limited use of notes in mining States | 274 |
| Hostile attitude of New York Clearing Association on question of silver dollar and silver certificates | 275 |
| Amount of Government business settled through clearing house (Table) | 275 |
| Use of silver certificates in Boston | 275 |
| UNITED STATES, SILVER CURRENCY, by Robert W. Barnett | 387 |
| Position of the silver question in the United States | 387 |
| Importance of the issue on the vast mass of paper obligations | 387 |
| Availability of gold or silver for currency purposes | 387-388 |
| Coinage of silver dollars. The trade dollar | 388 |
| First attempt at creating a demand to meet increased supply | 388 |
| Redemption of fractional paper currency in 1876 | 389 |
| Passing of the Bland Act | 389 |
| Silver certificates | 389 |
| Effect of the operation of the Bland Act | 390 |
| Fall in price of silver | 390 |
| Public objection to the silver dollars | 390 |
| Decrease in national bank circulation | 391 |
| Clearing house resolution excluding silver certificate from use in settlement | 391 |
| Use of silver certificates in payment of Government duties (Table) | 391-392 |
| Decrease of gold, and increase of silver receipts by Treasury | 392 |
| Net gold and silver in Treasury (Table) | 392 |
| Available gold includes reserve for redemption of legal tender notes | 393 |

UNITED STATES—*continued*.

| | PAGE. |
|--|--|
| Treasury statement issued at end of June analysed | 393 |
| Continued increase of silver dollars in hand | 393 |
| The New York Clearing Association and the Treasury | 394 |
| Independence of the executive of the United States | 394 |
| Policy of the banks restores public credit. | 394 |
| Bland Act only maintained by efforts of Silver States | 395 |
| General Warner's propositions examined | 395 |
| Growing difficulty of storage of silver dollars | 396 |
| UNITED STATES, currency, annual report of Comptroller | 95-100 |
| crisis in 1884 | 57 |
| defalcations by President of Second National Bank | 60 |
| failure of Marine National Bank | 57-59 |
| — Metropolitan National Bank | 59-60 |
| gold coinage in 1884 | 340-341 |
| laws relating to bills | 56 |
| practical banking, <i>notice</i> | 101-102 |
| proceedings at convention of American Bankers' Association, 1884 | 54-57 |
| report of tenth census, notice | |
| returns of New York associated banks | { 70, 124, 188, 244, 292, 368, 434-436, 500, 503, 577 |
| savings banks | 102 |
| silver coinage in, see <i>Silver</i> | |
| stamp duties | 574 |
| VALUATIONS | 474-475 |
| VAUGHAN (Rice), on marks impressed on bullion | 246 |
| VENICE, lotteries originated in | 88 |
| VICTORIA, stamp duties in | 566-567 |
| — summary of bank returns | 183, 365, 419, 504 |
| WAGES | 39, 53, 209, 383 |
| WAKEFIELD AND BARNLEY UNION BANK, Limited, Accounts | 426 |
| WALFORD (the late Cornelius), Lotteries | 71-94 |
| Obituary | 484-485 |
| WAREHOUSE WARRANTS as security | 478 |
| WARNER (General), Proposals on the Silver Question. | 395 |
| WARRANTS, dock and warehouse | 478 |
| — of attorney | 479 |
| WEST (R. G.) remarks in discussion (Roberts on Assays) | 256 |
| WEST LONDON COMMERCIAL BANK, Limited, Accounts | 426 |
| WEST RIDING UNION BANKING COMPANY, Limited Accounts | 426 |
| WESTERN AUSTRALIA, stamp duties in | 567 |
| — summary of bank returns | 183, 365, 419, 504 |
| WESTGARTH (W.M.), What is Capital? <i>Notice</i> | 414-415 |
| WHEAT, average price of (weekly returns) | { 70, 124, 188, 244 292, 368, 434- 436, 500, 503, 577 |
| — imports and prices, 1874-1883 | 20, 32 |
| WILLS OF CUSTOMERS | 448, 481 |
| WILTS & DORSET BANKING COMPANY, Limited, Accounts | 184 |
| WHITEHAVEN JOINT STOCK BANKING COMPANY, Accounts | 426 |
| WOLVERHAMPTON & STAFFORDSHIRE BANK, Limited, Accounts | 120 |

| | PAGE. |
|--|--------------|
| WOOL. Stocks and prices, 1874-83 | 13 |
| — Australia in 1818 | 559, 29 |
| WORCESTER CITY & COUNTY BANK, Limited, Accounts | 120, 426 |
| WORKS, valuations of | 475, 476 |
| WORSENESS. Assay expression explained | 252 |
| WRIGHT OF ELEGIT | 480 |
| YORK CITY & COUNTY BANK, Limited, Accounts | 120 |
| YORK UNION BANKING COMPANY, Limited, Accounts | 184 |
| YORKSHIRE BANKING COMPANY, Limited, Accounts | 184, 426 |
| ZORN (T. J.) Remarks in Discussion (Schmidt on the future of silver) | 211, 212 |

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CONTENTS.

PART IX. VOL. VI.

| | PAGE. |
|---|-------|
| NOTICES TO MEMBERS | iii. |
| ELECTIONS... .. | vi. |
| SILVER AS A UNIVERSAL MEDIUM OF CURRENCY, BY H. CHEVASSUS, ESQ., FELLOW OF THE INSTITUTE ... | 505 |
| DISCUSSION ON MR. CHEVASSUS' PAPER | 514 |
| NOTES ON RECENT ADDITIONS TO THE LIBRARY ... | 558 |
| MISCELLANEA | 559 |
| QUESTIONS ON POINTS OF PRACTICAL INTEREST... .. | 560 |
| STAMP DUTIES ON BILLS OF EXCHANGE, ETC. | 564 |
| WEEKLY RETURNS | 575 |
| SUMMARY OF EVENTS FOR YEAR ENDING OCTOBER 31, 1885 | 578 |
| ANNUAL STATISTICS | 582 |
| INDEX AND TITLE-PAGE TO VOL. VI. | 589 |

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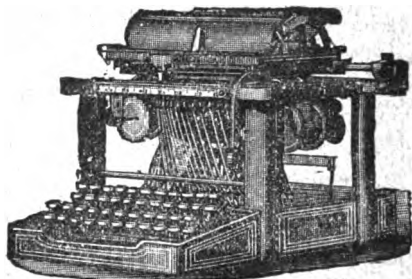
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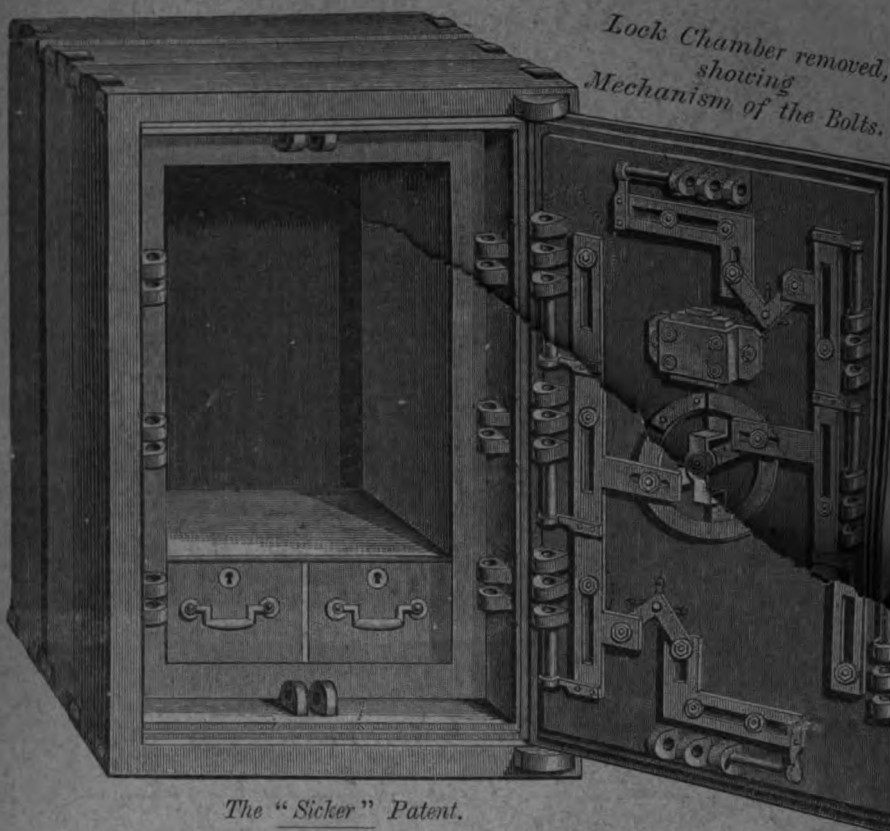


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